

DAILY REPORT

China

Vol I No 062

29 March 1984

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FAO TO SUPERVISE PRC DEVELOPMENT PROJECTS

OW280228 Beijing XINHUA in English 0056 GMT 28 Mar 84

[Text] United Nations, March 27 (XINHUA) -- The Arab Gulf Program for United Nations Development Organizations (AGFUND) has approved nearly one million U.S. dollars to finance three agricultural development projects in China, the Philippines and East Africa to be executed by the Food and Agriculture Organization (FAO).

According to a recent announcement by FAO, 500,000 U.S. dollars of the new funding will be for a project to increase food production in China through improved agro-technological extension. The project will benefit approximately 1.7 million rural people with several million farmers in other areas also receiving assistance.

The program approved 200,000 U.S. dollars for the improvement of farming systems in marginal areas in the Philippines. The project will assist the government in improving crop production and proper use of fertilizers, and fostering self-sufficiency among farmers in marginal areas.

The third allocation of 248,6000 U.S. dollars is for the training component of a rural program benefiting Kenya, Lesotho, Swaziland, Tanzania and Zambia. The program, which is also supported by Sweden, aims to improve storage and food handling facilities so as to reduce post-harvest losses in maize, the main food crop in East Africa.

The Arab Gulf program was established in 1981 initially to assist children in the developing countries, through the United Nations Children's Fund. Subsequently, it broadened its activities to include the other United Nations specialized agencies. It is based on voluntary contributions of Saudi Arabia, Kuwait, Iraq, Qatar, Oman and the United Arab Emirates.

PRC REPRESENTATIVE SPEAKS AT UN TRADE SESSION

OW282025 Beijing XINHUA in English 2000 GMT 28 Mar 84

[Text] Geneva, March 28 (XINHUA) -- China today called on the developed countries to respond positively to the reasonable demands of the developing countries to revitalize the world economy. Speaking at the 28th session of the council of the UN Conference on Trade and Development that opened yesterday, the Chinese representative Li Luye expressed China's support to the convening of a ministerial session of the council aimed to deal with some major problems in North-South relations.

He said that the economic recovery of the developed countries does not suffice to automatically set off the economic advancement of the developing countries. "The major obstacle to their economic development remains to be the unequal patterns of production, consumption and trade, as well as the irrational international systems of finance and trade created since World War II," he added.

He reiterated China's call for the reform of the old international economic relations, describing it as a prerequisite for sustained economic growth in Third World countries in the long run. From the short term perspective, he continued, such a growth requires solutions to the urgent problems faced by the developing countries, and favourable external conditions for these countries.

At the session, which focuses on debt repayments and trade protectionism, the Chinese representative said that external factors play an important role in debt issues in the developing countries, such as deterioration of the terms of trade, growing protectionism, mounting interest rates and reduced inflow of financial resources. "The debt rearrangement should enable the debtor country to implement effectively its long-term and medium-term plan," he said, adding that "special attention must be given to the debt rescheduling for the least developed countries."

He criticized some major developed countries for their practices of anti-dumping and countervailing duties. "Such practices have seriously affected the normal export of the developing countries, including China, and the development of world trade," he noted. "We believe it is necessary to subject practices of anti-dumping and countervailing duties to earnest review," he said. The meeting, which will last for two weeks, is also expected to discuss economic cooperation among the developing countries.

PRC DELEGATE VIEWS UN EFFORTS FOR WOMEN

OW281802 Beijing XINHUA in English 1642 GMT 28 Mar 84

[Text] Tokyo, March 28 (XINHUA) -- China expressed its appreciation of the U.N. efforts to improve women's economic position and their role in promoting social development in the Asian and Pacific region.

The appreciation was expressed by Huang Ganying, leader of the Chinese delegation to the UN Economic and Social Commission for Asia and Pacific (ESCAP) regional meeting, in her speech at an ESCAP regional preparatory meeting here yesterday. The regional meeting is one of several held in preparation for the world conference of "UN Decade of Women" (1976-85) to be convened in Nairobi, Kenya, next year. The "UN Decade of Women" was declared following a decision adopted at the World Conference of International Women's Year in Mexico in 1975.

Huang Ganying, who is vice-chairman of the Chinese National Women's Federation, cited examples such as providing technical training for women in farming and handicraft industry, holding seminars on hygiene for women and children and on family planning, as efforts by ESCAP and other UN agencies these years to improve women's position in the Asian and Pacific region.

Huang Ganying in her speech gave an account of the active political life of women in China and their positive role in the country's national construction, as well as their arduous task to raise their cultural, scientific and technical standards and to increase the number of women policy makers in China. She said Chinese women desire to engage in active cooperation with women of other countries and close ranks with them in the common struggle against imperialism, hegemonism, colonialism and racial discrimination. She pledged that the Chinese women will make concerted efforts along with women of other countries to safeguard the rights and interests of women and children and to maintain peace in the region and the world as a whole.

About 380 representatives from 44 ESCAP member states, quasi-member states and some related UN organizations attended the meeting which opened on March 26 and will end on March 30.

LIAOWANG VIEWS U.S. BLACKS' POLITICAL IMPACT

HK161300 Beijing LIAOWANG in Chinese No 7, 13 Feb 84 pp 29, 30

[Article by Li Daokui: "Development of the Black American Movement"]

[Text] Last November the Reverend Jesse Jackson, leader of the black American civil rights movement, declared that he would campaign for nomination as this year's Democratic presidential candidate. This is another unusual event in U.S. political life, since Harold Washington, a black, was elected mayor of Chicago, the second largest city of the United States, and has aroused serious attention and brought about a wide range of comments from all parts. Jackson is not the first black to campaign for the presidency, but the great attention paid to the event by political circles and the media is unprecedented.

The Eighth Person of the Democratic Party To Campaign for the Presidency

Jackson has strongly advocated that blacks campaign for the presidency and revealed his own intention to be a candidate at the beginning of last year. Last June "the 1984 election strategy league," consisting of black leaders from all circles, held a meeting in Chicago, at which a resolution approving the campaigning by blacks for the presidency was adopted. The resolution did not mention the name of the candidate, but it was meant for Jackson. The resolution was not adopted unanimously. Some blacks leaders, including Martin Luther King's widow, opposed or adopted a reserved attitude toward Jackson's campaigning for the presidency. They held that there was little likelihood that Jackson, who has little experience in being a civil servant, will be nominated as a candidate for the presidency within the Democratic Party and that this would be harmful to Mondale, who has been supported by blacks, and might result in a separation between black leaders and cause a strained relationship between blacks and the Democratic Party.

But Jackson and his supporters held that blacks' participation in elections, in the presidential election in particular, is the most effective means for people and the mass media to pay serious attention to the black issue, which will arouse the enthusiasm of blacks to participate in government administration and help to defeat Reagan in the end. Before November Jackson spent about one-half year traveling to various states in the south and other places to promote black participation in the election. He registered voters and took an active part in government and political affairs, thus winning unusual support from a vast number of blacks at the grassroots level. Backed by the vast majority of black leaders, Jackson finally officially declared that he would participate in the presidential election, thus becoming the eighth Democratic candidate for the presidency.

Jackson, 42, was born into a poor family in Greenville, South Carolina, and grew up under racial discrimination. He took an active part in the civil rights movement when he was a university student. After graduating from North Carolina Agriculture Science Institute, he entered the Chicago Theological Seminary to continue his study. In 1965, when he saw on television that blacks in Selma, Alabama, were cruelly beaten, he left the theology seminary in anger and worked for Martin Luther King, becoming the latter's right hand man. He held that blacks must not rely on the government, but must rely on their own initiative to get rid of poverty. With a quick wit and good as a public speaker, he has the ability to conduct propaganda and agitation and has been considered one of the most important black leaders, winning support from a vast number of blacks, and youths in particular.

A Force Which Should Not Be Neglected

Blacks campaigning for the presidency is a result of the in-depth development of the black American movement.

In the late 1950's and 1960's a vast number of blacks carried out a protracted and mighty movement to fight for civil rights. In order to relax domestic conflicts, the U.S. ruling class was forced to change its policy toward blacks, from suppression to conciliation. The constitutional amendment adopted in 1964 stipulated that citizens should not be deprived of their rights to vote due to their failure to pay poll taxes. The U.S. Congress formulated in succession a "civil rights" bill and the "voting rights law" to outlaw racial discrimination in public places and to guarantee equal job opportunities and the voting rights of blacks. There have been many obstacles to the execution of these bills, but blacks have been fighting continuously, resulting in an important change in the situation for blacks in the past 20 years.

First, blacks have become a political force which should not be neglected. In 1980 there were 26.62 million blacks in the United States, accounting for 11.8 percent of the total population; some 16.4 million blacks had reached voting age, accounting for 10.5 percent of all voters in the country; those voters who had registered and had voted accounted for 60 percent and 50.5 percent, respectively, of all blacks eligible to vote. The black voters registration movement in the 1982 mid-term election resulted in 11 million registered black voters, representing an increase of 1 million from before the movement. Now black organizations have more extensively carried out the movement of registering voters so that registered black voters may account for three-quarters of all blacks of voting age before the general election this year.

About one-half of all blacks live in 11 states in the south. In some principal states, such as New York, California, Illinois, and Texas, there are more than 1 million blacks in each. In more than 10 large and medium cities, black voters account for as high as 40 percent to 65 percent of the total voters in each city. Through their votes, blacks can influence the result of 220 electoral votes for the presidency, and the candidate who can obtain 270 electoral votes will become president. [as published]

In the 1982 mid-term election black votes gave the Democratic Party victories in the state governor elections in New York and Texas and caused nine Republicans to lose their congressional seats. It is thus evident that the impact of the black vote should not be underestimated. This impact will increase further in this year's general election.

Second, although the majority of blacks have low economic status and poor living conditions, quite a few of them have upgraded their economic status and educational level. According to the 1983 research report of the National Metropolitan League, one-third of all black families have been upgraded to the middle-income level (the total annual income of a family exceeding \$20,000). Meanwhile, there has been an increasing number of blacks who have received higher education. The upgrading of blacks' economic status and educational level has not only made them discontented with their unequal political position, but has also provided blacks with the necessary financial resources and leaders to take part in government and political affairs.

Despite these changes in their status, blacks have not yet obtained equal political status. Since the 1970's there have been a considerably increasing number of blacks elected as government officials. For example, from 1969 to 1982 the number of black mayors increased from 29 to 232, 17 of which are mayors of cities with populations over 100,000. From 1972 to 1982 the number of black state representatives increased from 169 to 347, and the number of congressmen from 13 to 20. But blacks usually hold junior posts in local governments.

For the time being, no black is a state governor and very few blacks hold senior posts in the federal government. Of all elected officials in the federal, state, and local governments, black officials account for only 1 percent of all officials, much lower than the percentage of the total number of blacks in the country. Therefore, the vast number of blacks have urgently called for changing this unequal political status. It is believed that the black movement has now developed from the civil rights movement, calling for opposition to racial discrimination in public places, employment, and schooling, to a political movement striving for an equal political status. This explains why blacks are campaigning for the presidency and why the campaign is so unusual and has been taken seriously.

Protracted and Arduous Struggle

Obviously, it is impossible for Jackson to be nominated by the Democratic Party as candidate for the presidency, let alone to take up residence at the White House. But his campaign for the presidency will have a great impact on this year's general election and future U.S. politics.

Jackson's campaign for the presidency has aroused the enthusiasm of a vast number of blacks to take an active part in government and political affairs, and blacks' political strength will be further strengthened. Jackson has explicitly said that he will not act as an independent candidate for the presidency but will fight for nomination within the Democratic Party. This will force the nominated candidate of the Democratic Party to pay serious attention to black demands. Jackson may well use the power of the black vote to force the nominated Democratic presidential candidate to make some commitments beneficial to blacks.

Influenced by Jackson's action to campaign for the presidency, more blacks will campaign for election to official posts at various levels this year. In some areas where there is a relatively large number of blacks it is more likely that blacks will be elected as congressmen.

But blacks will meet more acute obstructions in their struggle to fight for political equality. The major obstacle is that the ruling class of the United States is unwilling to see blacks obtain genuine political equality, enter the decisionmaking sphere, and share ruling power. Racial discrimination is no longer legal and has become illegal as a result of the struggle waged by a vast number of blacks, but it still has a very extensive social foundation. After Harold Washington, a black, was elected mayor of Chicago, the majority of white representatives in the city immediately adopted various measures to restrict the power of the mayor. This is a conspicuous example. Therefore, the struggle waged by blacks to fight for political equal rights will be a protracted and arduous one.

PRC FOREIGN POLICY SPECIALISTS DEPART FOR U.S.

OW280847 Beijing XINHUA in English 0707 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- A 10-member delegation of Chinese specialists of foreign policy led by Chai Zemin, vice-president of the Chinese People's Institute of Foreign Affairs, left here today to visit the United States at the invitation of the National Committee on U.S.-China Relations.

Members of the delegation include Pu Shan, president of the Institute of World Economy and Politics under the Chinese Academy of Social Sciences, and specialists and research fellows of the Beijing Institute for International Strategic Studies, Fudan University and the Academy of Social Sciences.

CONTINUED REPORTAGE ON NAKASONE OFFICIAL VISIT

25 March Press Conference

OW250712 Beijing XINHUA in English 0656 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone said today his current visit to China was full of substantive results. Addressing a press conference at the Great Hall of the People, Nakasone said his wide-ranging discussions with Chinese leaders were extremely significant and meaningful. "I was particularly impressed by my discussion with a group of young Chinese students who shoulder the future of Japan-China friendship," he said.

He said he had stressed time and again that Japan and China, in spite of their different social systems, should develop a solid relationship of peace and friendship capable of weathering all storms toward the 21st century. "This is very important not only for both countries but for world peace as well," he added. He said that the main purpose of his current visit was to explore new avenues for carrying out the four guiding principles -- peace and friendship, equality and mutual benefit, mutual trust, and longterm stability. "Through my talks with Premier Zhao and other Chinese leaders I can safely say that we have taken solid steps toward our objectives," he said.

Speaking of the 21 Century Committee for Japan-China Friendship whose establishment was agreed upon during his stay in Beijing, Nakasone said he expected the committee to play an active role in consolidating and expanding Japan-China friendship.

The Chinese leaders showed enthusiasm for the modernization and stressed that they would continue the policy of opening to the rest of the world through a long period of time to come, he said. He said Japan planned to extend to China a second batch of governmental loans beginning from 1984 to help with China's seven projects in transportation, posts and telecommunications and energy. "It is our basic policy to provide whatever cooperation within our capabilities," Nakasone said.

In addition to governmental cooperation, the Japanese prime minister said, it was also necessary to strengthen the cooperation between the non-governmental sectors of the two countries. An agreement concerning taxation was concluded between Japan and China in 1983, he said, adding that agreements on investment protection and cooperation in nuclear energy were being concluded. The two governments would continue to exert themselves in creating conditions for non-governmental exchanges, Nakasone said.

Cultural and youth exchanges were the foundation for mutual understanding and trust, Nakasone said. The two sides agreed that exchanges between youth who shoulder the future of Japan-China relations were very important because the young people would become strong links between the two peoples, he added.

Apart from bilateral relations, Nakasone said, the top-level talks also ranged over the present international situation. The two sides briefed each other on their positions and agreed to coordinate themselves within possible limits. "This will be of increasing importance to international peace and stability," Nakasone said. The Japanese prime minister also answered questions raised at the press conference which was televised overseas and lasted 40 minutes. Attending were 200 reporters.

On Sino-U.S. Ties

OW250715 Beijing XINHUA in English 0705 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- "Problems concerning Sino-American relations should be solved mainly by the two countries and Japan hopes to see a better relationship between them," Prime Minister Yasuhiro Nakasone told reporters here this noon at a press conference when asked about his impression on the Sino-U.S. relations through his current visit to China and what Japan can do in settling the problems between China and the U.S.A.

The prime minister said the United States was Japan's ally and China was the nearest neighbor and an important country for Japan in developing a longterm friendship toward the 21st century. A good Sino-U.S. relationship was in the interests of Japan, he said. "In my personal view, China also hopes to have good relations with the U.S.A.," he added.

On Korean Issue

OW250721 Beijing XINHUA in English 0707 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone said here today the leaders of Japan and China agreed that it was imperative to prevent a war from breaking out on the Korean peninsula. He said this when answering a question at the press conference before leaving Beijing for Wuhan.

"Both Japan and China are very much concerned about stability and peace in this part of the world," he said. "Japan hopes that the two parts of Korea would establish direct contact," he said. "We have transmitted this message to China." "As neighbors, Japan and China will continue to work to prevent a war in this area," he said. He said he believed that a solution to the issue of the Korean peninsula would be found in the future. "But this solution must be one which is acceptable to both parts of Korea," the Japanese prime minister added.

On Japan-PRC People

OW250735 Beijing XINHUA in English 0718 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone stressed here today that continued dialogue was vital to building a lasting friendship between Japan and China. Responding to a Chinese reporters' question at a press conference, Nakasone expressed the hope that the mass media of the two countries would make greater efforts to help the people understand each other better.

Stressing the importance of people-to-people exchange, Nakasone proposed that when Japanese people, especially youngsters, come to visit China, they should live at the homes of their Chinese hosts and the Chinese going to Japan should do the same. "This may prove effective in increasing mutual understanding," he said.

Nakasone said that before he left Tokyo, Japanese pupils gave him Tutenkhamon peas asking him to forward them to Chinese pupils. Yesterday he gave the peas to General Secretary Hu Yaobang. "I believe that the seeds will be planted by Chinese pupils, and will germinate and grow on Chinese soil," he said. Understanding between pupils is very important to building a lasting friendship between the two countries, he added.

On Investment, Nuclear Ties

OW250847 Beijing XINHUA in English 0814 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone said at today's press conference here that the Chinese and Japanese Governments would sign in an early date agreements on investment protection and non-governmental economic cooperation. Asked about Japan-China cooperation in nuclear energy, Nakasone said that the Chinese side welcomed the economic cooperation with Japan, including that in nuclear energy. The Japanese Government had made sincere efforts to cooperate with China in that respect.

In answering another question about China's attitude toward technological transfers, Nakasone said Japan hoped that China would join relevant world organizations. The Chinese side had expressed its willingness of giving positive thought to it, he said.

Zhao Bids Farewell

OW250729 Beijing XINHUA in English 0715 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Chinese Premier Zhao Ziyang said to the visiting Japanese prime minister, Yasuhiro Nakasone, at noon today that his China visit had produced strong repercussions among the Chinese and Japanese peoples and attracted worldwide attention. "The friendly relations between our two countries show that nations having different social systems can forge very close relations provided they observe the principles of mutual trust, equality and mutual benefit," Zhao noted.

Nakasone said that he was in full agreement with the Chinese premier on this point, adding: "Our two countries have set an example for the world in building friendly relations and cooperation in spite of differences in social system." The two leaders were saying good-bye to each other in the Great Hall of the People before the Japanese prime minister left Beijing for Wuhan.

Nakasone thanked the Chinese Government and people for the warm hospitality accorded him and his party. "My talks with Chinese leaders were very fruitful, showing the determination of our two countries to develop friendship through the 21st century," he added.

Departs for Wuhan

OW250819 Beijing XINHUA in English 0754 GMT 25 Mar 84

[Text] Beijing, March 25 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone, Mrs Nakasone and their party left here for Wuhan by special plane this afternoon in the company of Tang Ke, chairman of the Reception Committee of the Chinese Government and minister of petroleum industry, and his wife. The guests were seen off at the airport by Chinese State Councillor and Foreign Minister Wu Xueqian. Prior to their departure, Premier Zhao Ziyang met them at the Great Hall of the People to bid them farewell.

Wuhan Banquet

OW251706 Beijing XINHUA in English 1643 GMT 25 Mar 84

[Text] Wuhan, March 25 (XINHUA) -- China's Hubei Provincial Government gave a grand banquet here this evening in honor of Japanese Prime Minister Yasuhiro Nakasone, Mrs Nakasone, Foreign Minister Shintaro Abe and other Japanese guests with them.

In his toast, Governor Huang Zhizhen reviewed his province's contacts and cooperation with Japan. He said that the construction and operation of a hot rolling mill and a silicon steel plant under the Wuhan Iron and Steel Company was a manifestation of such friendly exchange and cooperation. Broad prospects had been shown in economic, trade, scientific and technical cooperation and cultural exchanges, he said. Japan is experienced in economic development, technical progress and scientific management which China could use for reference, Huang said. The governor expressed the belief that his province would achieve bigger progress in its cooperation with Japan.

Thanking the people of Wuhan for the warm welcome given him, Nakasone said that as the birthplace of China's great ancient poet Qu Yuan, Wuhan has been well-known to the Japanese. Wuhan has become an important city connecting Japan and China through the ever-growing economic exchanges and friendly contacts between friendship cities, he said. Nakasone compared Japan-China friendship to the Wuhan Yangtze Bridge. He said that he wished to see the "bridge" rock-firm through mutual trust.

After the banquet, Mr and Mrs Nakasone attended a cultural evening in which the Hubei artists performed the music, songs and dances of the State of Chu in the Warring States Period. The Japanese guests flew here from Beijing this afternoon. They were greeted at the airport by Wang Libin, deputy governor of Hubei Province, Lin Shaonan, vice chairman of the Hubei Provincial People's Congress Standing Committee, and Wu Guanzheng, mayor of Wuhan.

Braving the drizzle, over 1,000 youngsters, with colorful ribbons, balloons and flowers, welcomed the Japanese guests by dancing and signing to the rhythm of cymbals and drums. Welcoming crowds, waving bunting, flanked the main streets of nearly 20 kilometers from the airport to the hotel the guests stayed. [sentence as received]

Leaves Wuhan for Shanghai

OW260928 Beijing XINHUA in English 0859 GMT 26 Mar 84

[Text] Wuhan, March 26 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone, Mrs Tsutako Nakasone, Foreign Minister Shintaro Abe and other distinguished guests wound up their visit to Wuhan in central China and left for Shanghai by a special flight this afternoon on the last leg of their China tour. Tens of thousands of cheering well-wishers gave the guests a warm send-off.

This morning, Nakasone and his party visited a village in Hongshan Township in southern Wuhan, in the company of Huang Zhizhen, governor of Hubei Province, and Tang Ke, minister of petroleum industry. Villagers, men and women, old and young, beat drums and gongs, performed dragon and boat dances, and set off firecrackers to greet the guests from a close neighbor. Beaming with smiles, Prime Minister Nakasone waved in acknowledgment and reciprocated with "how do you do" and "thank you" in Chinese.

Nakasone said to Wei Huizheng, chairman of the village committee, that agriculture was the basis of the national economy. "I heard that China's farm production has grown very rapidly in recent years and peasants' income has increased considerably," he said. "Today I'll have a good look at your agricultural development and visit the peasants here," he added. Wei Huizheng replied that there were 200 peasant households in the village, adding that all the families welcomed him to have a look around.

The prime minister and his wife then went to Wei's home where they inspected the methane-generating pit. They were told that all families in the village were now using marsh gas for fuel, saving great amounts of firewood. Prime Minister and Mrs Nakasone had pictures taken with Wei's parents. Foreign Minister Abe visited another peasant home. The Japanese guests saw a group of young peasants catch fish in a pond. The village committee chairman told them that fish output had increased rapidly over the past two years thanks to the job responsibility system. Nakasone and his party also saw the village's laboratory and cultural center.

Prime Minister Nakasone and other guests were greeted by Abbot Chang Ming and other monks at the Guiyuan Monastery, a well-known Buddhist institution built more than 300 years ago. While visiting the Mahavira Hall, the pavilion for preserving Buddhist scriptures and the hall of Arhats, Prime Minister Nakasone offered incense sticks and paid homage to the image of Sakyamuni Buddha. The Venerable Chang Ming presented the prime minister and his wife with rubbings of a stone engraving of the goddess of mercy -- Avalokitesvara. Earlier this morning, the guests visited the Yangtze Bridge here, the first thrown across the river, and toured the East Lake where plum and orchid were in full bloom

Hu, Zhao Send Message

OW261050 Beijing XINHUA in English 1031 GMT 26 Mar 84

[Text] Shanghai, March 26 (XINHUA) -- Chinese leaders Hu Yaobang and Zhao Ziyang this afternoon sent a joint message to Japanese Prime Minister Yasuhiro Nakasone in Shanghai, congratulating him on the success of his China visit. The message was read out by Chinese Minister of the Petroleum Industry Tang Ke, who is chairman of the Reception Committee, at a cocktail party held at Longbai Hotel before the Japanese prime minister left Shanghai for home.

Hu and Zhao extended their best regards and wishes to Prime Minister and Mrs Nakasone toward the end of their official goodwill visit to China. The Chinese leaders described the Japanese prime minister's visit as "one with rich fruit and of far-reaching significance." "Your Excellency's far-sightedness, faith and enthusiasm in developing good-neighborly relations of friendship between China and Japan have left a deep impression on us," they noted.

The Chinese leaders asked the Japanese prime minister and other distinguished guests to convey the warm regards of the Chinese people to the Japanese people. "We look forward to another opportunity when Your Excellency visits China again with your wife and other members of your family," they added.

Leaves Shanghai for Home

OW261046 Beijing XINHUA in English 1035 GMT 23 Mar 84

[Text] Shanghai, March 26 (XINHUA) -- Prime Minister Yasuhiro Nakasone, Mrs Nakasone and other distinguished Japanese guests left here for home by special plane this afternoon after concluding their friendship visit to China. They were seen off at the airport by Tang Ke, minister of the petroleum industry and chairman of the Reception Committee, and Wang Daohan, mayor of Shanghai. More than 400 young people and children beat drums and gongs, and sang and danced to give the visitors a warm send-off.

The Japanese prime minister and his party made a brief stopover at Shanghai after flying in from Wuhan in the company of Tang Ke. The Shanghai Municipal People's Government gave a reception in their honor.

Message to Hu, Zhao

OW271054 Beijing XINHUA in English 1033 GMT 27 Mar 84

[Text] Beijing, March 27 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang and Premier Zhao Ziyang have received a message of gratitude sent by Japanese Prime Minister Yasuhiro Nakasone upon his departure from Shanghai for home on March 26. In his message, Nakasone thanked Hu Yaobang and Zhao Ziyang, as well as the Chinese Government and people from all walks of life, for the sincere and friendly reception accorded him, his wife and their party during their stay in China.

The message says: "I firmly believe that my visit to your country and, in particular, my meaningful talks with General Secretary Hu Yaobang, Premier Zhao Ziyang and Chairman Deng Xiaoping, have strengthened the foundation for the sustained and stable growth of Japan-China friendship through to the 21st century.

"To consolidate and expand this achievement, I hope that top Japanese and Chinese leaders will increase their dialogues and contacts in the future. I wish your country prosperity and Your Excellencies good health."

Returns to Tokyo

OW261449 Beijing XINHUA in English 1437 GMT 26 Mar 84

[Text] Tokyo, March 26 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone and his wife Tsutako Nakasone arrived here tonight after a four-day official visit to China. Japanese Foreign Minister Shintaro Abe, Deputy Chief Cabinet Secretary Toyohiko Mizuhira and other government and parliament officials, as well as Nakasone's eldest son Hirofumi Nakasone and his wife, arrived with the prime minister. Toshio Komoto, director-general of Economic Planning Agency who took charge during Nakasone's absence, Chief Cabinet Secretary Takao Fujinami and Secretary General of Japan's Liberal Democratic Party Rokusuke Tanaka were among those welcoming Nakasone at the airport.

Briefs Legislators on Visit

OW271740 Beijing XINHUA in English 1433 GMT 27 Mar 84

[Text] Tokyo, March 27 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone said that his just-concluded China visit has yielded great results and that he will continue efforts to establish "unshakeable Japan-China relations." Speaking at today's meeting of Japan's Upper House Budget Committee, Nakasone said his visit to China from March 23 to 26 reached all its goals of establishing mature Japan-China relations, of enhancing the relations on the basis of mutual trust and of broadening that basis.

"When during a speech on the campus of Beijing University I pledged that Japan and China will never fight each other in another war, the audience responded with thunderous applause," he told Parliament.

Nakasone cited the achievements of his China trip as the setting up of a 21st Century Committee for Japan-China Friendship and cooperation, the offer of yen loans and economic aid and discussions on the international situation with Chinese leaders during which both sides showed concern over Soviet military buildup in the Far East and the peace and stability of the Korean peninsula.

According to KYODO News Agency, Japanese Foreign Minister Shintaro Abe, who accompanied Nakasone to China, said in a Cabinet meeting today that one of the achievements of the visit was that both Japanese and Chinese leaders confirmed the need to ensure that relations between the two countries develop steadily into the 21st century. They also had frank exchanges of views on issues of common concern. He said the achievements of the visit are important to peace and stability in Asia and appealed to Cabinet members to continue efforts to establish "unshakeable Japan-China relations."

JAPAN SETS UP YOUTH TOURIST GROUPS FOR CHINA

OW231526 Beijing XINHUA in English 1450 GMT 23 Mar 84

[Text] Tokyo, March 23 (XINHUA) -- Japan will set up a "unified center" in early April to organize tourist groups of 3,000 Japanese youth to China this autumn. The decision was made at a meeting yesterday attended by officials from the Foreign Ministry, Education Ministry, the prime minister's office and Japanese National Governors' Association as well as eleven organizations including Japan-China Friendship Association. The meeting was called by Japan-China Friendship Association and the Foreign Ministry to discuss the autumn tour.

During his visit to Japan last November, Chinese Communist Party General Secretary Hu Yaobang invited 3,000 Japanese youth to make a tour of China. A liaison office, set up yesterday to facilitate the contacts between China and the invited groups and make preparations for the establishment of the "unified center," begins work today in Tokyo.

PRC, JAPAN TECHNICAL COOPERATION IN HEILONGJIANG

OW271355 Beijing XINHUA in English 1316 GMT 27 Mar 84

[Text] Beijing, March 27 (XINHUA) -- China will speed development of reclaimed land in eastern Heilongjiang Province in cooperation with Japan, under a planning report signed here today. The project is one of the technical cooperation projects agreed on at a Sino-Japanese government officials meeting in 1980.

In the past three years, 77 Japanese experts have surveyed 46,700 hectares of land including 40,000 hectares of farmland, at Longtouqiao in Baoqing County in the plain drained by the Heilongjiang, Songhua and Wusuli Rivers. Together with their Chinese colleagues, they have also drawn up preliminary plans for the construction of reservoirs, canals, roads and villages, and purchases of farm machinery.

According to the report, the project will require an investment of 630 million yuan (about 315 million U.S. dollars). Paddy rice cultivation will be expanded from the present 1,300 hectares to 20,000 hectares, while 20,000 hectares more will be given over to wheat, soybeans, maize, sugar beets and other industrial crops.

The report was signed by Ryotaro Sudo, leader of a supervisor group from the Japan International Cooperation Agency, and Zhang Qinghai, deputy director of the China Agricultural Engineering Designing Institute. The signing ceremony was presided over by Bian Jiang, adviser to the Ministry of Agriculture, Animal Husbandry and Fisheries, and attended by Yasue Katori, Japanese ambassador to China.

FURTHER ON PREMIER ZHAO'S BANQUET FOR SIHANOUK

OW271343 Beijing XINHUA Domestic Service in Chinese 1502 GMT 26 Mar 84

[For shorter XINHUA English report on Premier Zhao's banquet for Sihanouk, see page E 1 of the 27 March China DAILY REPORT]

[Text] Beijing, 26 Mar (XINHUA) -- Premier Zhao Ziyang said here today: Democratic Kampuchean President Norodom Sihanouk and Madame Sihanouk recently inspected their country and visited five ASEAN nations. Their inspection and visit have further enhanced the morale of the Kampuchean army and people in their struggle against Vietnam and won greater sympathy and support in the world for Kampuchea's just cause. Premier Zhao said this at a banquet hosted by him for Norodom and Madame Sihanouk, who arrived in Beijing the day before yesterday.

After extending his warm greetings and welcome to the distinguished guests, Zhao Ziyang said: We admire Norodom Sihanouk very much because he has traveled, struggled and made new contributions to his country and people despite his advanced age and the difficult journey. He said: The situation in Kampuchea is clearly moving in directions beneficial to the Coalition Government and the people. The patriotic forces have been gradually strengthened and the guerrilla warfare waged by the Kampuchean army and people has penetrated into the interior from the Thai-Kampuchean border. Various anti-Vietnamese forces have strengthened their unity and cooperation. We are heartily elated by the excellent situation in Kampuchea and by the great achievements made by Democratic Kampuchea.

Premier Zhao Ziyang emphatically pointed out: "The situation in Kampuchea makes us believe more firmly that Vietnam cannot avoid eventual defeat despite its fanatic battlefield offensive and continued political tricks. We are convinced that the just cause of the anti-Vietnamese struggle waged by the Coalition Government of Democratic Kampuchea and the Kampuchean army and people will surely and finally be victorious."

At the banquet, Sihanouk happily reviewed the current situation on the Kampuchean battlefield. He said: The Kampuchean patriotic armed forces have liberated more and more villages and have expanded their territory from the Thai-Kampuchean border to the interior. The Kampuchean people are more aware of the ugly features of the Vietnamese aggressors and their attempt to turn Kampuchea into a colonial province of Vietnam. They have been awakened and are giving firmer support to the CGDK and its armed forces.

Sihanouk said: This year's dry season is near its end, yet Vietnam is still unable to launch an offensive, while the Kampuchean patriotic armed forces have fought their way into interior cities and destroyed the enemy's services and military facilities. Vietnam once bragged that the Kampuchean situation was irreversible, but the reversal has already begun.

He stated: We are sure to win and recover our independence and sovereignty, and the Kampuchea problem is bound to be solved according to the related UN resolutions. He said: I think that the Kampuchean issue can only be solved with intensified anti-Vietnamese struggles on the battlefield to weaken the Vietnamese forces.

Concerning his recent visit to the five ASEAN nations, Sihanouk said: The tour was a great success. All the ASEAN nations are devoted to implementing the UN resolutions and unanimously support us. He said: The ASEAN nations have provided humanitarian assistance, while some have also given military aid to Democratic Kampuchea.

Present at the banquet this evening were Zhu Xuefan, vice chairman of the NPC Standing Committee; Han Nianlong, advisor to the Ministry of Foreign Affairs; and Pich Cheang, Democratic Kampuchean ambassador to China, and Mrs Pich Cheang.

PRC AIR FORCE UNITS DAMAGE INTRUDING SRV MIG-21

OW281441 Beijing XINHUA Domestic Service in Chinese 1414 GMT 28 Mar 84

[Text] Beijing, 28 Mar (XINHUA) -- Between 1515 and 1516 today, a Vietnamese MIG-21 intruded into the airspace of our border areas of Guangxi to carry out reconnaissance and provocations over Pingxiang and neighboring areas. Chinese Air Force units promptly opened fire at it and damaged it. After being damaged, the plane flew back into Vietnamese territory in a panic.

AFP INTERVIEWS WU XUEQIAN ON HONG KONG NEGOTIATIONS

OW280518 Hong Kong AFP in English 0448 GMT 28 Mar 84

[Text] Beijing, March 28 (AFP) -- Chinese Foreign Minister Wu Xueqian today denied reports that British Prime Minister Margaret Thatcher had sent Beijing a letter asking it not to rush the negotiations over Hong Kong's future. Before leaving for a tour of six European and Arab countries, Mr Wu told AGENCE FRANCE-PRESSE that "the news is not accurate," adding "we did not receive any letter" from Mrs Thatcher. A Hong Kong daily, the SOUTH CHINA MORNING POST, had reported on Monday that "a prominent businessman" from the territory had conveyed the message from Mrs Thatcher to Beijing's top representative in Hong Kong, Director of the NEW CHINA NEWS AGENCY Xu Jiatun.

Mr Wu, who is going to Yugoslavia, Romania, Austria, France, Kuwait and Tunisia, refused to confirm or deny Hong Kong radio reports that the Chinese negotiators had given the British delegation a 10-point plan on the future of the colony, which China plans to rule in 13 years. "Your question concerns the content of the talks and as we have an agreement to keep the talks confidential, I cannot go further to answer your question. But I can tell you that the previous 11 rounds of talks have covered all the details that are concerning the issue of Hong Kong," he told AFP. The 11th round of Sino-British talks, which began on Monday, concluded yesterday with a joint statement describing the session as "useful and constructive" and announcing the next round here on April 11 and 12.

Commenting on a visit to Beijing in mid-April by British Foreign Secretary Sir Geoffrey Howe, Mr Wu said: "I look forward to a wide exchange of views" on Hong Kong with the British minister. "Generally speaking, the previous rounds of talks have proceeded [words indistinct]. Therefore, I cherish a great hope for an agreement reached upon (Hong Kong) by China and the British side," he added. "As long as the two sides make joint efforts and adopt a cooperative attitude, it is not difficult to reach an agreement by next August," the Chinese foreign minister continued.

Beijing has said that if no agreement is reached by September at the latest, it will unilaterally announce its plans for Hong Kong's future. Sir Geoffrey said a few days ago in London that he could not say how long the negotiations would last.

PRC OIL DRILLING RIG REPAIRED IN HONG KONG

OW281934 Beijing XINHUA in English 1510 GMT 28 Mar 84

[Text] Hong Kong, March 28 (XINHUA) -- A reception was held in Kowloon today to mark the successful repair of a Chinese oil drilling rig by a local machinery plant. The Youlian Machinery Repair Plant, a subsidiary of the China Merchants Steam Navigation Company Ltd., began repairing the "Nanhai No 1" at the end of last year. As China develops its South China Sea oilfields, Hong Kong's shipbuilding industry will be able to repair more rigs and their auxiliary vessels, the plant's General Manager Chen Song said.

PRC, PAKISTAN ACCUSED OF NUCLEAR TESTING

OW281755 Beijing XINHUA in English 1442 GMT 28 Mar 84

[Text] Islamabad, March 27 (XINHUA) -- Pakistan today denied the Indian statement that "Pakistan has manufactured an atomic bomb and China may have helped it to explode its first underground nuclear device."

A spokesman of the Pakistani Foreign Office here described as "untrue" the statement made by the Indian foreign secretary yesterday.

On Indian press reports of the secretary's further statement that the Pakistani foreign minister had attended a two-day meeting of nuclear experts at the A-bomb test site in China, the spokesman said: "This allegation too, is totally false and groundless."

"The Government of Pakistan is committed to a policy of using atomic energy exclusively for peaceful purposes. It is opposed to the proliferation of nuclear weapons and has put forward a number of concrete and feasible proposals for the establishment of a nuclear weapons-free region, particularly in South Asia," the spokesman added.

BANGLADESH INDEPENDENCE DAY MARKED IN BEIJING

OW261020 Beijing XINHUA in English 0654 GMT 26 Mar 84

[Text] Beijing, March 26 (XINHUA) -- C.M. Murshed, ambassador of the People's Republic of Bangladesh, gave a reception at the embassy here at noon today in celebration of Bangladesh's Independence and National Day.

Among the guests were Wang Bingqian, China's state councillor and minister of finance; Han Nianlong, adviser to the Foreign Ministry; and leading members of departments concerned. Diplomatic envoys of various countries to China were present.

PRC JOURNAL VIEWS SINO-NETHERLANDS DIPLOMATIC TIES

HK270330 Beijing SHIJIE ZHISHI in Chinese No 5, 1 Mar 84

[Article by contributing commentator Yan Mu: "China and the Netherlands Resume Ambassadorial-Level Diplomatic Relations"]

[Text] The news was broadcast on the eve of the Spring Festival: After friendly and frank negotiations, the Chinese and Netherlands Government delegations decided to again upgrade the diplomatic relations between the two countries from charge d'affaires level to ambassadorial level beginning 1 February 1984. This is a turning point in the history of Sino-Netherlands relations and a result of the joint effort on both sides. The peoples of the two countries, elated at this development, extend congratulations to each other.

The Netherlands was among the first European countries to recognize New China. However, Sino-Netherlands relations have not been developing smoothly. This can be seen from the upgrading and downgrading of diplomatic relations between the two countries over the past decades. The two countries exchanged charge d'affaires and established quasi-diplomatic ties in 1954. They did not upgrade their diplomatic relations to ambassadorial level until 18 years later, in May 1972. However, the diplomatic relations between the two countries were downgraded to charge d'affaires level again 9 years later, in May 1981. And the two countries resumed their ambassadorial diplomatic relations 2 years and 9 months later. The tortuous path of the development of the relations between the two countries was attributed to a central issue, namely, the Netherlands Government's attitude toward the Taiwan issue. Why did the two countries fail to establish full diplomatic relations in 1954? The principal cause was that the Netherlands Government did not strictly pursue a "one-China" policy regarding the Taiwan issue. And the very reason why the diplomatic relations between the two countries could be upgraded in 1972 was because the Netherlands Government acknowledged [que ren 4292 6126] in a "joint communique" that it "respected" [zun zhong 1415 6850] the Chinese Government's stand, which claimed Taiwan as one of its provinces, and that it "recognized [chen ren 2110 6126] the PRC Government as the sole legal government of China." And the reason why the relations between the two countries were downgraded in 1981 was only because the Netherlands Government, in approving the sale of two submarines to Taiwan, intervened in China's internal affairs and violated the principle proclaimed in the communique issued on the upgrading of diplomatic relations.

Now again, the two countries are resuming their ambassadorial diplomatic relations based on the Netherlands Government's commitment that it will sell no more arms to Taiwan and on its acknowledging anew [chong xin que ren 6850 2450 4292 6126] all the principles stipulated in the 1972 communique. The historical experience is worth notice. The Taiwan issue is a matter related to China's sovereignty and territorial integrity and has a bearing on the national feelings of the 1 billion Chinese people who are looking forward to the reunification of the motherland. All countries which have established diplomatic ties with China are required to take a clear-cut stand regarding the recognition [cheng ren 2110 6126] of Taiwan as part of the sacred territory of China and the strict pursuance of the "one-China" policy. China's standpoint regarding these issues is firm and consistent.

The Netherlands Government's decision not to approve more arms sales to Taiwan is a rational one in keeping with the current trend. This decision is not only welcomed by the Chinese people but is also appreciated by the media in Western Europe. People may ask what the motive is for pushing the Netherlands to take this step. A letter to the Netherlands Congress from their Cabinet in December last year and some statements made by Netherlands leaders on some public occasions have provided an answer to the question. In summary: first, in 1981, the Netherlands Cabinet had made it clear that it approved the sale of two submarines to Taiwan on a "once only transaction" basis and the case would not serve as precedent for another approval. According to this statement, if the government now approves another sale of submarines to Taiwan, its act will be regarded as "breaking its promise" and "will inevitably evoke stronger reaction," and thus will "seriously harm the Netherlands' normal relations with a country which is playing a very important role in the world." The Netherlands Government holds that this will go counter to its international interests.

Second, as time goes by, the Netherlands Government has acknowledged [que ren 4292 6126] that continued sales of military supplies to Taiwan will "exert unfavourable influence on the peaceful settlement of the Taiwan issue by China." To be more precise, this will constitute an intervention in China's internal affairs and will violate international law. Third, at present, the world has reached an obvious "extensive unanimity" regarding the question of arms sales to Taiwan. In fact, other West European countries have again and again turned down applications for arms sales to Taiwan since 1980. And in the Sino-U.S. joint communique issued on 17 August 1980, the United States also made a commitment to gradually reduce arms exports to Taiwan. The Netherlands should not exclude itself from this "extensive unanimity." Fourth, China has achieved conspicuous success in implementing its policy of economic readjustment. West European countries extensively agree that China, as the unique country in the world which has not suffered from the economic crisis of the capitalist world, is a highly promising market with enormous potential. The Netherlands places high hopes on developing trade with China and does not want to continue to suffer losses resulting from further shrinkage of trade between the two countries. It must be admitted that the above four points of view, which are well grounded and show foresight, conform to the basic norms governing international relations and the long-term interests of the people of the Netherlands.

The Sino-Netherlands joint communique on the resumption of ambassadorial diplomatic relations also points out: The relations between the two countries should not only be normalized but should also be further strengthened. Although China and the Netherlands have different social systems, they share common viewpoints in opposing hegemony, defending their own security and independence, and safeguarding world peace. The Netherlands has a rather highly developed economy and has reached a quite advanced technological level. The country has its own strong points in many fields which China can use in its four modernizations. China adopts an open-door policy toward the Netherlands as well as toward other West European countries, and many products of the Netherlands enjoy a high reputation among Chinese consumers. Therefore, the two countries can learn from each other's strong points to offset each other's weaknesses, promote trade between them, and enter into economic and technological cooperation of various forms, on the basis of equality, mutual benefit and long-term stability. With respect to development in the above fields, the conditions are favorable and the prospect is bright. To be sure, to turn the possibility which objectively exists into reality calls for persistent and dauntless joint effort by the two parties, including strengthening contacts in various fields, enhancing mutual understanding, and creating favorable conditions for cooperation. In particular, it is necessary to guard against and remove all possible obstacles because, as everyone has noticed, a small number of people in the Netherlands object to their government's decision and call for continued sales of military supplies, including submarines, to Taiwan, while the Taiwan side could also play different tricks to jeopardize the development of the friendly relations

between China and the Netherlands. Under such circumstances, people sincerely hope that the relations between the two countries will encounter no more setbacks and will develop healthily in accordance with the principles which the two countries have laid down through negotiations.

EEC FOREIGN MINISTERS ISSUE CLOSING STATEMENT

OW281257 Beijing XINHUA in English 1209 GMT 28 Mar 84

[Text] Brussels, March 27 (XINHUA) -- A meeting of the 10 foreign ministers of the European Economic Community (EEC) countries ended here today with no agreement reached on the problem of the British budget contribution. The meeting issued a statement on East-West relations, the problems of Middle East, Latin America and Cyprus, which was prepared during the recent EEC summit held in Brussels. The statement stressed that the ten EEC countries will continue their efforts for a constructive dialogue with the Soviet Union and its allies in Central and Eastern Europe and hope to have specific cooperation with each of them on a stable and realistic basis.

Referring to the Middle East question, the statement expressed the hope that progress could be made in Lebanon on the road of national reconciliation after the Lausanne conference. The EEC called for new efforts by the Lebanese Government and the political factions, for bringing about national unity, a durable peace in the country and a just solution to the internal problems on the basis of respect to Lebanon's sovereignty and consideration for the Lebanese people's desire to stay away from the sufferings brought by the Middle East conflicts, it said.

It stressed the necessity of a settlement guaranteeing peace among all the states in the region. The settlement should include the right to existence and the security of all the states including Israel, as well as the legitimate rights of the Palestinian people, it said. The ten EEC countries also hoped that the secretary-general of the United Nations will intensify his effort for restoring peace in the Gulf region.

On Latin America, the ten countries reaffirmed their hope to maintain and develop their historical relations with South America. They also reiterated their position on Central America embodied in the declaration of Stuttgart of June 19, 1983, the statement said. On Cyprus, it expressed regret over Turkey's recognition of the Turkish Republic of Northern Cyprus and urged the Turkish Government to renounce this recognition.

ZHENG TIANXIANG MEETS BELGIAN VICE PREMIER

OW281253 Beijing XINHUA in English 1232 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- Zheng Tianxiang, president of the Supreme People's Court, and Feng Jinwen, deputy procurator-general of the Supreme People's Procuratorate, met with Jean Gol, Belgian vice-premier and a justice delegation he is leading here this afternoon. Jean Gol is also concurrently minister of justice and minister of reform of institutions (French).

FOREIGN MINISTER WU XUEQIAN BEGINS VISIT TO SFRY

OW290146 Beijing XINHUA in English 0135 GMT 29 Mar 84

[Text] Belgrade, March 28 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian arrived here today on a three-day official visit to Yugoslavia at the invitation of Yugoslav Foreign Minister Lazar Mojsov. He was met at the airport by Yugoslav Deputy Foreign Minister Mirko Ostojic and Assistant Foreign Minister Momcilo Vucekovic.

Speaking to reporters upon his arrival, the Chinese foreign minister said that relations between China and Yugoslavia are excellent and he believes that his talks with Yugoslav foreign minister and other senior officials will surely promote the development of such relations. He said that China and Yugoslavia share identical views on many international issues and have many similarities in socialist construction and development. The two countries can exchange experience in this regard.

Wu is expected to hold talks with his Yugoslav counterpart on pressing international problems and on the all-round development of friendly relations between the two countries.

HUNGARY SEEKING EXPANDED CHEMICAL TRADE WITH PRC

OW272004 Beijing XINHUA in English 1456 GMT 27 Mar 84

[Text] Beijing, March 27 (XINHUA) -- Hungary's chemical industry will seek to expand its export and import trade with China, Tibor Szamosi, executive vice-president of the Hungarian Trading Company for Chemicals, said here today. Hungary will buy more chemical materials and semi-finished products from China, while increasing fertilizer exports, he said.

The Hungarian Trading Company for Chemicals is the largest of its kind in the country, producing three million tons of chemical fertilizers and other chemical products annually. It will sell 100,000 tons of nitrogenous fertilizer and other chemical products to China this year.

A three-day Hungarian chemical exhibition opened here today.

HU YAOBANG SENDS SEKOU TOURE CONDOLENCE MESSAGE

OW281333 Beijing XINHUA in English 1216 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- Hu Yaobang, general secretary of the Communist Party of China, sent a message today to the Central Committee of the Democratic Party of Guinea to express his condolences on the death of Guinean President Ahmed Sekou Toure. The message reads as follows:

"Conakry

"Central Committee of the Democratic Party of Guinea

"I am shocked to learn of the death of Ahmed Sekou Toure, secretary general of the Democratic Party of Guinea and president of the People's Revolutionary Republic of Guinea. On behalf of the Central Committee of the Communist Party of China and all its members, I wish to express my profound condolences to you and my sincere sympathy with the bereaved family.

"Secretary General Toure is the founder of the Guinean party and state, the respected leader of the Guinean people, an outstanding politician of Africa and a tireless fighter against imperialism and colonialism. He made unremitting efforts and devoted all his life to the winning and maintenance of national independence and state sovereignty, to the development of national economy and to the promotion of the national liberation of the African people and the strengthening of unity among the Third World. His death is a great loss to the Guinean people as well as to the peoples of the Third World.

"Secretary General Toure is an intimate old friend of the Chinese people and has made great contributions to the enhancing and development of the friendship between our two parties, two countries and two peoples. His friendly sentiments toward the Chinese people will always be remembered."

[Beijing XINHUA Domestic Service in Chinese at 1259 GMT on 28 March carries a report on Hu Yaobang's condolences and adds this additional passage: "I believe that the Democratic Party of Guinea and the Guinean people will turn grief into strength and struggle in unity to carrying forward General Secretary Sekou Toure's unfinished tasks."]

MALAGASY PRESIDENT RECEIVES PRC AMBASSADOR

OW290731 Beijing XINHUA in English 0710 29 Mar 84

[Text] Antananarivo, March 28 (XINHUA) -- Malagasy President Didier Ratsiraka this afternoon received Chinese Ambassador Dai Ping who handed him a message from Chinese Premier Zhao Ziyang.

During the meeting, Ratsiraka expressed the hope to further develop the friendly relations of cooperation between Madagascar and China.

LI XIANNIAN'S BEIJING ARRIVAL REPORTED

OW270649 Beijing XINHUA in English 0631 GMT 27 Mar 84

[Text] Beijing, March 27 (XINHUA) -- Li Xiannian, president of the People's Republic of China, returned here from Kunming by air at noon today following his state visits to Pakistan, Jordan, Turkey and Nepal. Among those greeting him at the airport were Zhao Ziyang, premier of the State Council; Ulanhu, vice-president of the People's Republic of China; Yang Shangkun, vice-chairman of the Central Military Commission; Hu Qili, member of the Chinese Communist Party Central Committee's Secretariat; Qiao Shi, alternate member of the Secretariat; Geng Biao, vice-chairman of the National People's Congress Standing Committee; State Councillor Ji Pengfei and State Councillor and Foreign Minister Wu Xueqian. They congratulated Li Xiannian on his successful trip to the four Asian countries.

Also arriving by the same plane were Lin Jimei, wife of President Li; Vice-Premier Tian Jiyun; Vice-Minister of Foreign Affairs Gong Dafei; Vice-Minister of Foreign Economic Relations and Trade Zheng Tuobin; and Vice-Minister of Public Security Tao Siju.

Also on hand were Maqbool Ahmad Bhatti, Pakistan ambassador to China; Tomur Baye, charge d'affaires ad interim of the Turkish Embassy here; Fakhri Matalqah, charge d'affaires ad interim of the Jordanian Embassy here; Sundar N. Bhattarai, charge d'affaires ad interim of the Nepalese Embassy here.

President Li Xiannian and his party arrived in Kunming on March 23.

Upon his departure from Kunming this morning, President Li was seen off at the airport by leading members of Yunnan Province, Kunming City and the Kunming Military Area Command of the Chinese People's Liberation Army.

LI PENG ADDRESSES NATIONAL COAL CONFERENCE

OW290611 Beijing XINHUA Domestic Service in Chinese 1603 GMT 28 Mar 84

[By reporter Ben Lanwu]

[Text] Shijiazhuang, 28 Mar (XINHUA) -- At a national conference today in Qinhuangdao on placing of orders for coal, Vice Premier Li Peng of the State Council pointed out: It is imperative to reform coal distribution and supply measures in our country by setting production quotas according to transport facilities and market demand, setting up a single account for production, distribution, and transport [jian li sheng chan fen pei yun shu yi ban zhang 1606 4539 3932 3934 0433 6792 6663 6551 0001 2609 1600] and striking an overall balance, in order to ensure the fulfillment of the state plan.

Li Peng said: Since January this year, our country has adopted a single account for production, distribution, and transport, and initial results have been achieved. The volume of coal transported by rail in the first quarter of this year increased by 5 million tons over the same period last year, coal stockpiling by the key departments and in marketplaces went up by 2.5 million tons, and the contract fulfillment rate reached 98 percent. He said: The reform method is correct, and the results are good. We must persist in reform, and continue to improve on what we have achieved.

Li Peng said: In coal production in the past, the state was the sole agent for coal purchase and marketing, which does not work. From now on, we should take different conditions into consideration, and set production quotas according to transport facilities and market demand. In localities where transport facilities are adequate, coal production quotas should be set according to such transport facilities; as for localities, where transport facilities are inadequate but coal can find a good market, coal production quotas should be set according to market demand.

To do a good job in using a single account for production, distribution, and transport, Li Peng pointed out, it is necessary to strictly fulfill contracts and to take economic sanctions against those who arbitrarily change contract terms. Coal distribution and transport should be done in order of importance and urgency, and it is first necessary to ensure coal supply for power generation, locomotives, and the market. More ways should be found to transport coal. It is necessary not only to strengthen rail transport, but to develop water and highway transport in order to solve the problem of transport inadequacy in our country.

Referring to the principles for the development of coal production, Li Peng pointed out: In coal production, we should develop big, medium and small mines simultaneously. While developing production in big and medium mines, we should also develop that in local, small mines run by villages and towns. In dealing with the relationship between new and old mines, we should focus our attention on tapping the potential of old mines and mining districts, making technical innovations and transformation, and extending them in order to raise their utilization rate.

Li Peng stressed: Coal, power, and transport departments should not do things in their own way, without coordination, but should strike an overall balance of coal, power, and transport, and simultaneously carry out construction in all of them.

MAJOR COAL MINES MEET PRODUCTION GOALS

QW281403 Beijing XINHUA in English 1331 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- By this morning, Chinese major coal mines had cut 93.61 million tons of coal, fulfilling the January-March state coal production plan three days ahead of time. This represented a 5.16 percent increase over the same 1983 period, the Chinese Ministry of Coal Industry said here this afternoon. The ministry said that these mines also turned out 12.33 million tons of dressed coal, beating the January-March target eight days ahead of schedule.

Locally-run mines which produce nearly half of the annual national coal output expect to meet their plan for the first quarter two days ahead of time, according to the ministry. Since the beginning of this year the coal mines have improved their safety records, and according to reports, the number of accidents in major mines dropped by 22 percent in the first two months as compared with the same 1983 period. The ministry said that a salient feature in the improved economic performance of coal industry since the beginning of this year was a big decrease in the consumption of timber and rolled steel as well as explosives in cutting every 10,000 tons of coal.

Coal is China's primary source of energy. In 1983, China produced 700,326 million tons of coal, ranking third in the world after the Soviet Union and the United States. This meant that China had met the 700-million-ton target for 1985, the last year of the country's Sixth Five-Year Plan, two years ahead of time. China plans to cut 710 million tons this year.

FANG YI ATTENDS STEEL PLANT DEVELOPMENT MEETING

HK290403 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Mar 84

[Text] The 1984 conference on science and technology for comprehensive utilization of the resources of the Panzhihua iron and steel plant was recently held in Dukou City. Comrade Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor, attended the meeting and guided its work. In his speech at the meeting, he pointed out that the Panzhihua iron and steel plant is about to start preparatory work on designing and constructing its second stage. The construction of Panzhihua should be speeded up. The plant must be determined to carry out reforms, do a good job in comprehensive utilization, and translate the fruits of research into productive forces as quickly as possible, and to play a role in the four modernizations drive.

Sichuan CPPCC Chairman Yang Chao; State Planning Commission group Deputy Director Lin Hua; Vice Minister of Metallurgical Industry Zhou Chuandian; and Sichuan Provincial CPC Committee Standing Committee member and provincial Science and Technology Committee Director Song Dafan attended the meeting.

This was an extremely important meeting in the construction history of Panzhihua. Some 294 experts and scholars from 114 units throughout the country and representatives of departments and units concerned gathered together to discuss the comprehensive utilization of Panzhihua's resources. They seriously implemented the principle for science and technology development of closely integrating science and technology with the economy, reviewed and summed up the scientific research results of last year, looked into the preparations for the second stage of Panzhihua iron and steel plant, and worked out plans for major scientific research projects and for translating the fruits of research into production.

The meeting was jointly convened by the State Science and Technology Commission, the Ministry of Metallurgical Industry, the China Nonferrous Metals General Company, and the Sichuan Provincial People's Government.

TIAN JIYUN VISITS HENAN ECONOMIC ASSOCIATIONS

OW290141 Beijing XINHUA Domestic Service in Chinese 0910 GMT 28 Mar 84

[Text] Zhengzhou, 28 Mar (XINHUA) -- After recently visiting Wuzhi County in Henan Province to inspect the first group of newly established rural economic associations, Vice Premier Tian Jiyun affirmed the important role played by these associations, set up by using supply and marketing cooperatives as the foundation, in organizing, coordinating, serving, and guiding commodity production. He noted that these associations had blazed a new trail for invigorating the rural economy and that future prospects would be bright if more of these associations were established.

The rural economic associations in Henan Province are the product of the development of commodity production and economic reforms. The adoption of the household contract system with remuneration linked to output greatly fired the peasants' enthusiasm for developing commodity production and led to successive bumper harvests in grain and other economic crops year after year. With the development of production, the variety and quantity of commodities the peasants were able to take to the market for bartering doubled. The percentage of marketable products rose from less than 20 percent to more than 50 percent. The development of commodity production urgently required that economic units at the township (commune) level provide coordinated services before, during and after production to the peasants. Thus, organizing production by relying on the old system of combining administration with economic management and on the old method of only caring for production planning and purchasing quota no longer suited the new situation.

In view of this circumstance, the Henan Provincial CPC Committee, on the basis of investigation, made a proposal in 1981 to establish rural economic associations by using supply and marketing cooperatives as the foundation. Establishment on a trial basis was carried out first in Wuxhi and Xinyang Counties. Experiences was summed up and the experiment was gradually extended throughout the province. By the end of February this year, more than 90 percent of the communes in the province had completed the work of separating party affairs from government administration and enterprise economic management and more than 1,900 economic associations had been established. Later, Shenqiu, Wuzhi, and Xinyang Counties separately established county economic associations.

Most of the rural economic associations in Henan are made up of state-run and collective economic units at the commune level. Associations serve the peasants' production and livelihood and promote commodity production in a number of ways, from operation and management to supplying and marketing, circulation, processing, storage, transportation, granting loans, technical transfers, social insurance, and relaying information. Economic activities in these economic associations observe the principles of voluntary participation and mutual benefit, exchange at equal value, to each according to his labor, independent accounting, sole responsibility for one's own profits or losses, and democratic management, in order to ensure that the following six aspects will remain unchanged: ownership of the various participating units will not change; the accounting method will not change; the relationship of consecutive subordination will not change; the relevant state aid will not change; the salaries of cadres and staff members and workers will not change; the right of managing manpower and financial and material resources and their ownership will not change.

Although rural economic associations have been in existence only for a short time in Henan, they have already demonstrated their superiority. The following are the main manifestations:

Extensive joint operations involving agriculture and commerce, commerce and commerce, and industry and commerce have increased purchases and sales and enlivened the market, thereby transforming the single circulation channel of the past into multichannel circulation and single-family business into business jointly managed by several families. In Shenqiu County, where joint operations in various forms have been rather active, one can see encouraging signs of advances in production and easing of difficulties in buying and selling in the countryside as a result of improved circulation brought about by the increased number and broadened scope of circulation channels, the removal of circulation barriers, and the coordination of various links before and after production. In the past the county's Dayangzhuang village, known for its greenbean cakes, could only process 500,000 to 600,000 jin annually because of poor sales. Last year the county and township supply and marketing cooperatives signed contracts with farm households calling for joint operations in production and marketing, which enabled the peasants to go all out in processing greenbean cakes. As a result, they processed 2 million jin of greenbean cakes in the winter. With satisfaction, they said: "The economic associations have done us a good service which, we hope, will continue year after year."

Technical service work has been intensified and people have started to pay attention to the information dissemination work. Since the inauguration of the economic associations, many localities in the province have set up market information groups and message distribution centers, published express market news, and taken various measures to disseminate market information among the masses. All township economic associations in Wuzhi County have assigned market information liaison persons in the supply and marketing cooperatives and regularly hold meetings to analyze market information and study potential market trends.

The county economic association has published an information tabloid to transmit market information among the masses. The peasants have said happily: "The economic associations have kept us well informed and enabled us to do a thriving business and become prosperous."

Various circles have coordinated and pooled their wisdom and efforts in building basic facilities for developing commodity production. In places where the supply and marketing cooperatives did not have enough space for storing chemical fertilizer, the economic associations mobilized the masses to make use of warehouses previously owned by production brigades and teams or have asked farm households to temporarily store the chemical fertilizer, thereby solving the problem of storage. In Xinyang County, in the Cabei Shan area, where transportation is inconvenient, some township economic associations mobilized the masses and supply and marketing cooperatives to build highways together. Other township economic associations used motor vehicles, tractors, carts, and other transport means that laid idle in rural areas to set up cooperative transport stations, thereby solving the transportation problem in the countryside.

CPC MUST LEAD PEOPLE TO GET RICH THROUGH LABOR

HK281216 Beijing GUANGMING RIBAO in Chinese 19 Mar 84 p 3

[Article by Wang Fu: "The Communist Party Must Lead the People To Get Rich Through Hard Work"]

[Text] Around the time of the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping put forth, on behalf of the CPC Central Committee, a major policy which was aimed at encouraging a part of our people and areas to become rich first through hard work. These people and areas will certainly become examples with great effect in bringing along the people of all nationalities throughout the country to become rich relatively quickly. The series of principles and policies, particularly the party's rural policies, that have been formulated since the 3d Plenary Session of its 11th CPC Central Committee can all be regarded as policies for the realization of this aim. Practice has already proved that these policies are completely right. In the short period of 5 to 6 years, astonishing change has already taken place in our countryside and a number of peasants have become rich one after another.

In the face of such a heartening change, most of our comrades are pleased and inspired. However, a few comrades still have some worries and doubt. They do not know whether this practice conforms to the goal of the CPC's program and to the CPC's aim. This has raised a fundamental problem: What do the people want from a communist party and what, in the final analysis, is the aim of a communist party? Not long ago, a central leading comrade pointed out in a speech that what the people want from the Communist Party is, first, liberation, which will make them masters of the country, and, second, to become rich! Urging people to become rich through hard work as soon as possible is a fundamental idea and stand for we communists. These words constitute the best answer to the question of what is the fundamental aim of our party.

In order to understand this point, we should start our exposition from a fundamental viewpoint concerning the relations between the party and the people. This fundamental viewpoint is: The party is the servant of the people or the tool of the people. This is determined by the nature of a proletarian political party. Before they seize state power, all bourgeois political parties are often still able to reflect certain interests and demands of the laboring people and to do something good for the people. However, when they have seized state power and thus become parties in power, without exception they take a stand opposite to that of the laboring people and not only fail to pursue the interests of the people, but on the contrary oppose the people. This is the inherent nature of the bourgeoisie as a class.

A political party of the working class is different. It is established for liberating the working class and the laboring people and it has no special interests of its own except the interests of the working class and the laboring people. Our party always regards pursuing the interests of the people as its aim, proceeds in everything from the fundamental interests of the people, and always regards itself as a tool of the people. In his speech on the revision of the party Constitution at the Eighth CPC National Congress, Comrade Deng Xiaoping said: "Contrary to a bourgeois political party, a political party of the working class does not regard the masses of the people as its tools, but consciously regards itself as a kind of tool of the masses of the people for the fulfillment of a specific historical task in a specific historical period."

The historical task for our working class is to eliminate classes and the disparity of classes, emancipate the entire human race, and realize communism. In order to fulfill the historical mission of its own class, a communist party, as the vanguard of the working class, must do two most important things for the laboring people: 1) achieve political liberation for them; 2) enable the people to become rich. Liberation means making the people the masters of their country, and this constitutes a precondition without which it is impossible for the people to become rich. Since the founding of our party, through prolonged armed struggle and socialist transformation, we have solved the problem of destroying the old decadent relations of production and their superstructure, liberated the productive force in our society, and enabled our people to become masters of their country. However, after the achievement of this first target or the basic achievement of this first requirement, the party should dare to lead and be good at leading the people to embark on the path of becoming rich through hard work, guide the millions of people to give play to their initiative in developing production, rapidly increase the total amount of the productive force, and continuously raise the material and cultural living standard of our people.

This is because making people masters of their country is, in the final analysis, aimed at enabling them to lead a well-to-do material life. Generally speaking, what people struggle for is all related to their interests. We can say that there has never been a class which has not subsisted or struggled for its own interests. Engels said: The struggle between landowners and the bourgeoisie, just like that between the bourgeoisie and the proletariat, is first of all carried out for economic interests. Political rights and power are only the means for gaining economic interests. ("Selected Works of Marx and Engels," Vol 4, p 246) The aim of the proletariat in carrying out revolutionary struggle and seizing state power is precisely to substitute public ownership of the means of production for a private one and to develop the productive force in a planned manner in order to guarantee the material welfare of all members of the society. Therefore, after having seized state power, particularly after completing the socialist transformation of the private ownership of the means of production, we should regard the raising of our people's material and cultural living standard as our central task. This means that we should carry out a kind of policy to make our people rich. Therefore, in the final analysis, the interests of the state and the people are identical. Though sometimes they clash, fundamentally, they are identical. Only by persisting in making people rich can the state become prosperous. Injuring the interests of the people will also cause injury to the interests of the state, and this runs counter to the basic goal of a communist party.

In history, when the feudal landlord class was in the ascendant, those among them who had insight knew the importance of making the people rich. At the end of the Spring and Autumn Period, there emerged an official, Guan Zhong, who upheld the view that "in order to satisfactorily run a country, we must first make our people rich."

He encouraged people to develop the salt industry and fishery and to fully exploit the resources in mountainous and water areas. Later, in the Han Dynasty the historian Sima Qian also said in his "Records of the Historian": "The starting point for running a country satisfactorily is to make people rich." He put making the people rich in an important position. Of course, the views that they upheld on making the people rich have their concrete historical content. However, the principle that only by making the people rich can the state become rich is of universal significance. We, the proletariat, must certainly more satisfactorily understand this principle, which even people of insight in the landlord class could understand. As far back as in Yanan, Comrade Mao Zedong sharply criticized the policy of "killing the goose that lays the golden egg." In his article entitled "Economic and Financial Problems," he said: "Our first task is not to ask things from the people, but to give things to them." This means that we should organize the people and lead them and help them to develop production in order to increase their material welfare. If one only knows to ask for things such as grain, grass, and tax payment from the people, one's brain has not been changed into the "brain of a communist in the full sense." Furthermore, in "On Coalition Government," Comrade Mao Zedong pointed out that the criterion to evaluate the role of a political party's policies and practice among the people is "whether they facilitate and how greatly they facilitate the development of the productive force and whether they fetter or emancipate the productive force." "It is a pity that in his later years, because he lacked experiences in building socialism and because he failed to understand the correct definition of revisionism, he inappropriately linked being well-to-do with revisionism. As a result, a kind of "leftist" erroneous idea developed and caused mistakes in our party's policies which seriously injured the interests of the people, particularly the 800 million peasants, seriously dampened our peasants' enthusiasm, and gave rise to a situation of longstanding slow growth rate in our agricultural production and national economy. In fact, revolution is an inevitable consequence of the development of the contradiction between relations of production and the productive force. Therefore, there are no necessary relations between being well-to-do and revisionism and between poverty and revolution. If the goal of struggle for our people is to remain poor, what attraction will our socialism and communism have?"

Since the 3d Plenary Session of the 11th CPC Central Committee, our party has carried out activities to bring order out of chaos and has restored and developed Comrade Mao Zedong's correct thoughts, of which the most prominent is to have the courage to lead the people to become rich through hard work. The major policy put forth by Comrade Deng Xiaoping on encouraging a part of the people to become rich earlier than others precisely embodies this spirit. Moreover, Comrade Deng Xiaoping said: "Revolutionary spirit is very important, and without it there will be no revolutionary actions. However, a revolution takes place on the foundation of material interests. If we pay attention to material interests, we will become idealists." ("Collected Works of Deng Xiaoping," p 136) He also pointed out that ours was a socialist country and that the superiority of a socialist system was fundamentally shown in being able to allow social productive force to develop at a great speed that was impossible in the old society, and thus enabling the gradual satisfaction of the continuously increasing demand in people's material and cultural life. He said: "From the point of view of historical materialism, the results of a correct political leadership must be shown in the development of social productive force and in the improvement of the material and cultural living standard of the people." (Ibid, p 123) Our party precisely regards this fundamental viewpoint -- the viewpoint on enabling the people to become rich more quickly -- as a criterion to check whether or not our work is correctly done.

The party's rural policies that have been formulated since the 3d Plenary Session of the 11th CPC Central Committee, particularly the policies on the implementation of the various forms of the all-round responsibility system with remuneration linked with output and on encouraging peasants to apply science and vigorously develop commodity production, are precisely the measures that cannot be dispensed with in bringing about the switch from poverty to being well-to-do. The part of the peasants who have become rich in our rural areas now are mainly the specialized households and households doing special jobs, are representatives of the advanced productive force in our rural areas, and are people who take the lead in becoming rich through hard work.

Firmly fixing this fundamental aim of the party in our minds is of great significance for party building in the socialist period. This points out the correct orientation for the solution of the questions of what party we are to build and how we are to build it. In order to pursue interests for the people, during a period of revolution, we should make efforts to build a party that is good at leading the revolutionary struggle, and in a period of socialism, we must strive to build a party that is good at leading the implementation of the four modernizations program; in other words, we must build a party that has the courage to lead and is good at leading the people to become rich through hard work. Only when we have such a party can we make our country powerful and prosperous and our people rich and happy. This is a fundamental idea for guiding party building in a socialist period and is also the core of the thoughts on party building that are expounded on in the "Collected Works of Deng Xiaoping." Such a party not only should not pursue the private interests of a few individuals -- this is a minimum requirement -- but must raise loftier ideological, political, and organizational requirements and loftier requirements for its work style and thus enable the party to be qualified for the heavy task of leading the people to become rich through hard work. This means that it should seek truth from facts, emancipate people's minds, have the courage to break away from the old conventions that are not suited to the needs of making people rich, formulate and persist in implementing the principles and policies that can give play to the initiative of the people, and train a large number of people of talent who understand science and management and are competent in opening up new prospects. In short, we should act in accordance with the requirements put forth by the 12th CPC National Congress and "build our party into a firm core to lead the undertaking of socialist modernization." Only by so doing can we lead our vast number of people to become rich through hard work and can we live up to the earnest expectation of the people of all nationalities throughout the country.

RENMIN RIBAO DISCUSSES INDUSTRIAL COOPERATION

HK290603 Beijing RENMIN RIBAO in Chinese 23 Mar 84 p 5

[Article by Yang Jianbai: "A Brief Discussion on the Nature, Characteristics, and Development of Industrial Cooperation"]

[Text] Prior to liberation, industrial cooperation had developed for a while in our country. Since liberation, it has been developing continuously on a tortuous path, although the term -- industrial cooperation -- is not commonly used. There are two forms of socialist ownership system, namely, ownership by the whole people and collective ownership. While the industrial setup under the ownership by the whole people must play a leading role in industrial development in our country, the industrial setup under the mass collective ownership should also be allowed to play an important role. The purpose of this article is to discuss the nature, characteristics, and development of industrial cooperation.

Industrial cooperatives, as well as cooperative enterprises in industry, commerce, communications and transportation, service trades, and other sectors, are enterprises under collective ownership. In a country where the proletariat has seized political power, all these enterprises are socialist enterprises in nature.

All the laborers who have joined an industrial cooperative are the owners of this laboring collective. All of them are equally members of the cooperative, not to be divided into two groups as employers and employees. The funds are jointly raised among the laboring masses who have joined the cooperative (a certain amount of loan is granted by the state or the society where necessary). Every member of the cooperative must engage in labor (in different ways, of course). The fact that they are both owners of capital and laborers helps to realize the direct integration of production means and laborers. And both the ownership of and the controlling power over production means and products of labor belong to all the members of the cooperative.

Industrial cooperatives are commodity production units which, with their own independent accounting system, assume sole responsibility for their losses or profits. Different cooperatives must pay taxes according to the respective rules and regulations governing the trades they are engaged in and are subject to guidance by the state plan. As for the distribution system, cooperatives practice the principle of distribution according to work, more distribution for more work, and less distribution for less work.

Assuming sole responsibility for its losses or profits, a cooperative makes profits through the exchange of commodities and distributes among its members the income it has earned therefrom. Different members can contribute different amounts of shares on a flexible basis when joining a cooperative. After part of the revenue is distributed according to work and a certain amount of profits is deducted for necessary accumulation and welfare funds, dividends must be distributed to shareholders in proportion to the amount of their shares. Under the actual economic conditions in our country, such a practice is advantageous to the state, the collective, and the individual.

The production means owned by an industrial cooperative are regarded as properties of the collective; and all the members of a cooperative form a laboring collective. When any individual wants to withdraw from the cooperative, he can get his shares back but is not allowed to take away any production means. This stipulation determines the nature of an industrial cooperative as part of the collective economy rather than joint body formed by private owners of production means. Moreover, when the public-owned assets of a cooperative accumulate to a certain level in the continuous course of expanded reproduction, the cooperative can redeem the shares from its members and stop distributing dividends. Thus, the cooperative's public ownership nature will become more conspicuous.

The crux for the effective management of a cooperative is democratic administration and self-decisionmaking power. The supreme organ of power of a cooperative is the congress of cooperative members or the assembly of representatives of cooperative members. It is up to the congress or the assembly to decide on the business orientation and to draw up the management plan of a cooperative. The members of the council and the supervisory committee of a cooperative are democratically elected by the congress or the assembly, and those who are incompetent or fail to perform their duties are removed by the congress or the assembly. This precisely shows how the Paris Commune's principle of appointing and removing officials through election is concretely applied to the management of a cooperative.

Only by conscientiously implementing democratic administration and making cooperative members the real masters, can we expect them to love the cooperative as much as their own homes and can we give full play to the superiority of the industrial cooperative embodied in the direct integration of laborers and production means.

In the early days of the anti-Japanese war, the China Industrial Cooperation Association was founded by Edgar Snow, Rewi Alley, and other foreign friends and some Chinese patriotic and democratic figures. Zhou Enlai, Bo Gu, and other leading comrades of our party gave strong backing to their efforts. In order to push ahead industrial cooperation, an international committee for "industrial cooperation" was set up, with Soong Ching Ling as honorary chairman. Now, with the approval of the State Council, the China Industrial Cooperation Association has been reestablished and has resumed activities; some "veteran industrial cooperation activists" have also enthusiastically engaged in the reconstruction of the association, and a congress of the "Industrial Cooperation Association" was convened. We believe that the association will play a valuable role in developing industrial cooperatives in New China.

After liberation, in the course of the "three great transformations," handicraftsmen and small producers were generally joined together to form cooperatives under the administration of the General Handicraft Cooperative and the Second Ministry of Light Industry. Due to "leftist" interference, discrimination, restrictions, and difficulties encountered during the "transition" period, industrial cooperatives and other cooperatives were destroyed to different extents. However, "the grass cannot be destroyed by a prairie fire but grows again with the spring breeze." As soon as old cooperatives are wiped out, new ones will emerge immediately. The reason is that such an organizational form which suits the level of productive forces at the present stage has won extensive support among the masses. According to statistics, in 1982, there were 301,900 industrial enterprises under collective ownership throughout the country (of which 185,800 enterprises were run by people's communes in rural areas); the gross industrial output value produced by these collective enterprises totaled 119.28 billion yuan (of which 35.43 billion yuan was derived from commune-run industrial enterprises in rural areas); and the staff of collective-run industrial enterprises in towns totaled 15.32 million people. Although these enterprises run by "big and small collectives" have quite a few problems with respect to organization, leadership, operation, and management, they do form a strong force.

Like the agricultural production sector, the industrial production sector is a vast world where much can be accomplished. Industrial cooperation, which covers all industrial fields, can be extended to the means of production and the building industry, besides the handicraft and light industries. In addition, the garment industry, the photographic trade, repair services, the catering industry, and so on, which are traditionally classified as service trades, are in fact basically industrial branches. Like agriculture under collective ownership, urban collective-run industry depends, first of all, on the guidance of a correct policy in order to thrive. In the past, the urban collective economy was basically not encouraged and supported but was discriminated against and suffered from the policy of "egalitarianism and indiscriminate transfer of resources." If the problems concerning taxation, price, salary, supply of raw materials, regulations governing the opening of current accounts, and planned guidance are properly solved through adoption of correct policies, industrial cooperation will give full play to peasants' initiative in production in rural areas as well as of hundreds of millions of youths in the towns. Thus, it will be possible to increase job opportunities by a wide margin, greatly raise social production, and provide idle funds with an opportunity for investment in production. This is actually a way to gather and create wealth through the mass line and to mobilize the masses to run industrial enterprises by themselves.

As long as we can promote industrial cooperation, and properly combine state-run industry with collective-run industry, industrial production in our country will thrive day after day and the progress of the four modernization will be speeded up.

The China Industrial Cooperation Association is a mass organization. In cooperation with the state organ in charge of cooperative undertakings, the association will play its role in vigorously pushing ahead industrial cooperation. Here, I would like to propose some suggestions on the development of a new-type industrial cooperation.

First, the Industrial Cooperation Association should concentrate its efforts on organizing and providing guidance to new cooperatives, improve consultative services, strengthen the forecasting of market trends, and thus point out the direction of development, operation, and management of cooperatives.

It is necessary to set up an instructor system for the operation of cooperatives. We must train a contingent of cooperative cadres equipped with theory on the operation of socialist cooperatives and with a basic knowledge of the organization and development of industrial cooperation (including democratic operation and administration of cooperatives). These cadres are to guide the establishment and operation of cooperatives, while technical personnel are to provide technical consultative services.

Second, the Industrial Cooperation Association must fulfill the demands of society, helping to set up the kinds of cooperatives that society needs but has not yet established due to a lack of necessary conditions or other reasons, and organizing some unemployed educated youths and laborers to form cooperatives and to engage in production.

Third, it is necessary to set up a number of trial industrial cooperatives in accordance with the "Provisional Regulations Governing Operation of Industrial Cooperatives." The "provisional regulations" are very important. As long as we abide by the regulations, we will be able to establish real cooperatives, not "government-run" or private partnership enterprises.

To give impetus to industrial cooperation, it is necessary to propagate its importance in a big way. In organizing cooperatives, we must take an active attitude but keep a steady pace. Any precipitate action must be avoided. We must first organize a few cooperatives as pilot projects at the initial stage, and speed up the establishment of other cooperatives after the model of these successful cooperatives in light of the experience acquired.

Cooperative plants can also be established. For example, the Industrial Cooperation Association may consider investment in projects which need greater amounts of funds. The regulations governing "industrial cooperation" must be followed with regard to the organizational form, operational procedure, and profit distribution method of cooperative plants. In the future, when joint cooperatives are developed, they should also run plants by themselves. The advantage of this kind of setup is that they can gather more funds and enable industrial cooperation to develop on a large scale and a higher level. The key link is that the principle of democratic administration must be upheld and the plants must maintain their nature as cooperative enterprises.

Fourth, it is necessary to raise an adequate industrial cooperation foundation to finance industrial cooperation projects. Capital for "industrial cooperation" projects should mainly be raised by the organizers themselves and idle funds can be a major source. However, at the beginning, most cooperatives need financial support. For this reason, the Industrial Cooperation Association must keep a due amount of funds on hand so as to grant loans to cooperatives according to their needs. This is an essential factor to the development of industrial cooperation.

The "industrial cooperation" foundation must be raised in society. In particular, we should make every effort to pool funds from foreign friends and international cooperation organizations.

Fifth, it is necessary to establish experimental zones for "industrial cooperation." In the course of the development of industrial cooperation, we can consider establishment of experimental zones for industrial cooperation in selected places. This will not only be advantageous to the development of "industrial cooperation" but will also provide us with experience in realizing the integration of town and country and of running agricultural, industrial, and commercial combinations.

OFFICIAL STRESSES NEED FOR HIGH QUALITY GOODS

HK290222 Beijing CHINA DAILY in English 29 Mar 84 p 4

["Opinion" column by Zhang Jingfu, "state councillor and minister in charge of State Economic Commission," in HONGQI: "Imperative To Produce High Quality Goods"]

[Text] As people earn more, it becomes imperative to expand production of the better-quality popular brands.

The sale of such goods brings better economic returns. Popular brand goods earn more money, including foreign exchange for the State. People save their money to be able to buy these goods.

Take the Beijing Refrigerator Factory for example; the amount of cash it has turned over to the State has increased enormously with the growing sale of its "Snow Flake" refrigerators. The year 1982 saw a 70 percent increase over 1980 in the amount handed over. In the first quarter of 1983, the amount given to the State jumped by 29.6 percent over the same period the previous year. People queue up at midnight in the hope of buying one. But the supply falls far short of demand though the factory tries hard to bring up the production.

To boost the production of goods in demand, it does not make sense to build new factories, especially now that the government is curbing overall construction. The way out is to combine factories in the same industry to produce popular goods. In this combination, advanced enterprises will force the less efficient ones to keep up.

Both administrative and economic means are needed to achieve this goal.

A production-license system should be introduced. Only those enterprises that measure up to State-set quality standards can be licensed to engage in production of brand-name goods. And the best alternative for factories that fail to get a license is to combine with licensed ones.

Factories producing popular brand goods should have priority on imports of advanced technology and equipment, because these enterprises can put them into operation sooner than backward ones.

Enterprises producing better quality goods should always be given priority in supplies of electricity, coal, petrol, raw materials and access to transportation facilities.

Beijing Refrigerator Factory cannot help but engage in one-shift production because of insufficient energy supply. A 50 percent output growth requires a 26 percent increase in energy supply.

To avoid overlapping taxation, which discourages factories from joining together, the State will tax only the increased output of the combined enterprises.

This principle must be adhered to: Higher prices for better-quality goods, lower prices for lower quality goods and punitive prices for inferior, outmoded goods.

Some enterprises benefit less than they should from producing better-quality goods simply because of unreasonable prices fixed by the State. The bank, therefore, is obliged to grant these factories loans on favourable terms, and the interest should be paid by the State.

A credit department for technological renovation should be set up within the Industrial and Commercial Bank to see that all funds for the development of new products and technological upgrading are concentrated and that these funds are properly used.

Overall quality control must be enforced in every link of production to prevent the quality from declining because of a merger.

Factories in each industry should work out plans for future development of the trade to avoid unplanned production.

CHINESE PEOPLE'S ARMED POLICE ACADEMY SET UP

OW290205 Beijing XINHUA Domestic Service in Chinese 1413 GMT 27 Mar 84

[By correspondent He Jianming]

[Text] Shijiazhuang, 27 Mar (XINHUA) -- With the approval of the State Council, the Chinese People's Armed Police Academy, the first of its kind in our country, has been officially established in Langfang City, Hebei Province, with a view to training middle- and high-ranking police command cadres. It will soon begin to enroll students.

Preparations for the establishment of this new-type, higher armed police command academy began after the Armed Police Force was organized in our country. In accordance with the need in modernizing our country's Armed Police Force, the academy will train students to become fine middle- and high-ranking police cadres with a college education, an intimate knowledge of modern professional armed police work and an ability to command and organize. The academy will offer three specialities, armed police guard duty, frontier defense and fire fighting, and the duration of the schooling will range from 2 to 3 years. Students to be admitted will mainly be young cadres of the Armed Police Force with a senior middle school education who have been recommended by their respective units and have passed an entrance examination.

The academy is now vigorously making preparations for enrolling its first class of students in September this year.

PATENT OFFICE DIRECTOR DISCUSSES NEW LAW

HK290230 Beijing CHINA DAILY in English 29 Mar 84 p 2

["Excerpts" of interview with Huang Kunyi, director general of the China Patent Office, by "our staff reporter" Chen Guanfeng": "Economic Growth Necessitates First Patent Law" -- date, location not given]

[Text] The promulgation of China's first Patent Law drew worldwide attention. CHINA DAILY interviewed the director general of the China Patent Office, Huang Kunyi, to learn the significance of this event. Excerpts follow.

CD [CHINA DAILY]: When we describe the current Patent Law as the first in the country's history, does it mean that China made no efforts in patent work during the past 35 years?

Huang: Not exactly. In 1950, the Government Administration Council -- which was replaced by the State Council in 1954 -- promulgated the Provisional Regulations on Protecting Invention and Patent Rights, and replaced them with the Regulations on Awards to Inventions in 1963. Six invention and four patent rights were recognized and registered during the intervening years.

CD: Why should China promulgate the Patent Law at this time?

Huang: The Chinese are characterized by their diligence, courage and wisdom. They have made numerous inventions and creations since ancient times. But their inventiveness has been frequently suppressed during the past few centuries, especially during the "cultural revolution." Now that our Party has launched major efforts to develop science and technology, we should encourage and protect the enthusiasm, creativity and inventiveness of the whole people.

Moreover, our economic and technical co-operation with foreign countries has expanded rapidly since we began to implement the policy of opening to the world. To stabilize this expansion, legal protection must be provided.

CD: It was said that the Chinese Patent Law was worked out after studying the patent laws of scores of foreign countries. How does the Chinese Patent Law Relate to foreign ones?

Huang: The Chinese Patent Law, like all others, aims at promoting technical and scientific advancement by encouraging inventions and creations. But an essential difference exists.

The Chinese Patent Law is worked out in line with the socialist principles of public ownership of means of production and a planned economy, laying special emphasis on effectively handling the mutual interests of the State, collectives and individuals. These principles are best reflected in Article 6 of the Law, which says that "for a service invention or creation made by a person in execution of the tasks of the entity to which he belongs or made by him mainly by using the material means of that entity, the right to apply for a patent belongs to the entity." Since service invention or creation makes up the major portion of our present-day inventions and creations, most patents will belong to entities instead of individuals, though proportional awards will also be given to the individual inventors or creators.

Moreover, the Law prescribes in Article 14 that competent departments concerned of the State Council and the people's governments of provinces, autonomous regions and municipalities have the power to allow designated entities to exploit the inventions or creations turned out by any entity within its system or directly under their administration. This will hopefully prevent monopoly of new inventions or creations, and help spread application of new science and technology.

CD: Why will the Patent Law not take effect for more than a year after its official promulgation?

Huang: That is because we still have a lot of preparations to make before we can receive clients. For example, we have to work out implementing regulations of the Patent Law and examination rules, to train hundreds of qualified examiners, and to complete the construction of our office building.

NATIONAL CONFERENCE ON ECONOMIC TRIALS OPENS

10,000 Judges Appointed

OW281239 Beijing XINHUA in English 1220 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- By the end of 1983 China had appointed 10,000 judges to handle economic cases, according to Ren Jianxin, vice-president of the Supreme People's Court. In his report to the national conference on economic trials, the first of its kind in over 30 years, Ren Jianxin said today that about 3,000 economic divisions had been set up in the Supreme People's Court, all the 300 plus higher and intermediate people's courts and in 87 percent of the lowest courts throughout the country.

Ren Jianxin said that the number of judges, however, lagged far behind the need of the proliferating economic trials. A large number of young, knowledgeable and professional judges should be trained as soon as possible within the coming three to five years, he added.

Ren Jianxin stressed that to meet the urgent need of increasing foreign economic activities, it was also necessary to train groups of judges who were knowledgeable in laws governing international trade, maritime law and industrial property rights, including patent law and trade mark law, as well as well-versed in foreign languages.

Ren Jianxin said that the trial of economic cases, which began in China in 1979, was aimed at using legal means to improve economic management, coupled with administrative and economic measures.

Cases handled by economic divisions mainly involve disputes over economic contracts, foreign economic activities, reparations of damages and disputes over such matters as payment of taxes.

The scheduled 12-day conference is aimed at summing up the experience of the past years in the trial of economic cases and at discussing how to make trials better serve economic construction.

Zheng Tianxiang, president of the Supreme People's Court, presided over today's meeting.

Further Report

OW282004 Beijing XINHUA in English 1839 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- Chinese courts tried nearly 90,000 economic cases, including more than 73,000 contract disputes, between 1980 and 1983, Ren Jianxin, vice-president of the Supreme People's Court, said here today.

Addressing the first national conference on economic trial cases which opened here today, Ren said the 89,494 cases handled in the past four years involved 2.96 billion yuan (about 1.48 billion U.S. dollars). China began holding trials in economic disputes in 1979.

China's opening to the world and its new domestic policies have spurred vigorous economic development, he said. At the same time, he added, changing economic management systems in both urban and rural areas have made relationships among different economic sectors very complicated.

In 1982 alone, Ren said, 400 million contracts of various kinds were signed throughout the country, including 30 million in the industrial center of Shanghai and 12 million in neighboring Jiangsu Province. Disputes arose over some of these contracts, and were especially common in the countryside, where a single county might sign as many as 400,000 contracts in a year.

Many cases of trademark infringement were brought to trial in 1983, he added.

Ren said China's courts have handled more than 303,000 letters from citizens about economic disputes. In replying to these letters, courts offered legal consultancy services and advice on judicial affairs. Some courts also made suggestions on improving management following some economic trials, he said.

More than 200 economic disputes over the past several years have involved firms from Hong Kong and Macao or overseas. By resolving these cases, Ren said, the legitimate interests of both the state and the litigants were ensured, helping expand foreign trade and economic exchanges with foreign countries.

There were over 800 disputes on maritime affairs in 1983. Economic cases involving foreign countries were usually resolved through mediation and arbitration, Ren said.

CHINA DAILY CITES REPORT ON ECONOMIC CRIME

HK240448 Beijing CHINA DAILY in English 24 Mar 84 p 3

[Text] Judicial departments across the country handled a total of 45,300 cases of economic crimes last year, recovering more than 88 million yuan in lost funds for the State, according to CHINESE LEGAL NEWS.

Legal action was taken against suspects involved in more than 19,000 cases, while investigations continue into more than 25,000 other cases, the report said.

Since September, judicial agencies concentrated on uncovering cases involving more than 10,000; this was the instruction of the Party's Central Discipline Inspection Commission. Legal inspectors were sent to State-owned enterprises and government departments to ferret out unlawful activities.

As a result, many cases of economic crimes and irregularities were uncovered and brought to court. In Jilin Province, 40 prosecutors investigated 120 grain depots under the province's grain managing network late last year, uncovering 109 cases of unlawful economic activity. The 49 suspects involved were later brought to court, convicted and given jail sentences.

The crackdown on economic fraud in the post and telecommunications system resulted in the prosecution of 800 people and a drastic decrease in irregularities.

In one case, the Intermediate People's Court of Chengdu City, capital of Sichuan Province, sentenced Yu Guoqiang, formerly Party Organization director of Sichuan Petroleum Administration, to 15 years in prison on charges of pocketing more than 10,000 yuan of public funds.

Yu seized the money during his service with the administration from 1971 to 1982. The leadership of the administration, however, was completely ignorant of Yu's fraud over the years. They even commended him as their "model cadre" for four successive terms.

Yu has also been expelled from the Party and dismissed from his official post. The party's Central Discipline Inspection Commission recently issued a circular criticizing the leadership of the administration and urging all Party cadres to draw lessons from the case, according to RENMIN RIBAO (PEOPLE'S DAILY).

RAILWAY ELECTRIFICATION PROJECT NEARS END

OW281421 Beijing XINHUA in English 1318 GMT 28 Mar 84

[Text] Lanzhou, March 28 (XINHUA) -- the last section of the electrification projects on a 511-kilometer section of China's main east-west railway is expected to be completed and opens to traffic in May.

The project, which is divided into three parts, extends from Baoji in Shannxi Province, a railway hub between northwest and southwest China, to Lanzhou, capital of Gansu Province and a railway hub of northwest China.

Electrification of the 150-kilometer section from Baoji to Tianshui, Gansu Province, was completed in 1980. The 146-kilometer section from Tianshui to Longxi, both in Gansu, was opened to traffic early last year.

The last 215-kilometer section from Longxi to Lanzhou has now entered its final stage, with the contact systems already laid to Lanzhou railway station, the terminal.

Four transformer substations, communication facilities and electrical equipment are being tested. Fifty-one electric locomotives and over 400 trained engine drivers are standing by for the opening of the section on May 1, according to railway authorities.

WEATHER UNIT FORMED FOR OFFSHORE OIL OPERATIONS

OW272018 Beijing XINHUA in English 1607 GMT 27 Mar 84

[Text] Shanghai, March 27 (XINHUA) -- A new company was established here today to provide weather forecasts to Chinese and foreign oil companies operating in the East China Sea and the South Yellow Sea.

The Shanghai Meteorological Service Company, managed by the Shanghai Offshore Oil Service Corporation, will also render services for oil tankers and marine development, a spokesman said.

It is composed of the Shanghai Central Meteorological Station, the Shanghai Typhoon Research Institute and the Shanghai Meteorological and Telecommunications Center. They have been providing weather forecasts for the Bohai Sea and the Taiwan Strait for several decades.

YOUTH LEAGUE ISSUES CIRCULAR ON MAY 4TH MOVEMENT

OW281956 Beijing XINHUA in English 1835 GMT 28 Mar 84

[Text] Beijing, March 28 (XINHUA) -- The Chinese Communist Youth League Central Committee today called on youth league members and young people to study revolutionary history since the May 4th Movement of 1919 and take part in education in its tradition.

In a circular just issued on celebrating the 65th anniversary of the May 4th Movement of 1919, which had been a revolutionary movement to oppose imperialism and feudalism, the Central Committee said Chinese youth should dedicate themselves to China's prosperity and the happiness of its people as the country's senior revolutionaries did. They should acquire the courage to seek out the truth, be original and creative and have high ideals, morality, education and discipline, the circular said.

The 65th anniversary celebrations should be connected with the study of revolutionary history, local events and on-the-spot investigations. A systematic understanding of local struggles was necessary, it said. Visits to historical areas and sites with revolutionary and patriotic significance were encouraged, it added.

Monuments, parks, pagodas, pavilions, halls and sculptures would be renovated or built with the support of local party organizations and government departments, the circular said.

Remarkable results had been shown since last year, when some local youth league organizations conducted research on historical sites and visited senior revolutionaries and compiled local annals, it added.

HENAN CIRCULAR ON CURBING FEUDAL SUPERSTITIONS

HK290311 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 27 Mar 84

[Text] On 22 March the Propaganda Department of the provincial CPC Committee issued a circular, demanding that party organizations at all levels take vigorous measures to quickly curb feudal superstitious rumors and activities.

The circular points out: Some feudal superstitious rumors and activities have recently been widespread and have run rampant in some places in our province. Many people have been fooled and deceived. Ideological confusion has been caused. This is because some people with ulterior motives have intentionally created chaos, unscrupulously disrupted social order, and sabotaged the construction of a socialist spiritual civilization. This problem, arising during the All-People Civility and Courtesy Month, especially merits a high degree of our attention.

Propaganda departments at all levels of the party must see the seriousness and harm of this problem and really strengthen ideological and political work. In coordination with the departments concerned, they must take vigorous measures to quickly curb the dissemination of feudal superstitious rumors and activities.

1. It is necessary to vigorously strengthen ideological and political work, overcome the state of weakness, make use of all kinds of media propaganda to publicize scientific knowledge, and conduct education in materialist atheism. We must clearly explain the backwardness and harm of feudal superstitions and heighten the masses' ability to distinguish between right and wrong, in order to ensure that no rumors are spread or believed. We must strive to unify the masses' ideology on the basis of embarking on the four modernizations.

2. All prefectures and units must examine the situation of the dissemination of rumors in their own prefectures and units. They must deal well with those who have been fooled and deceived. They must mobilize them to accuse and disclose the offenders. Party members, CYL members, and cadres must take the lead in publicizing atheism; they must resolutely resist feudal superstitious activities. They are not allowed to spread rumors or take part in feudal superstitious activities. Offenders must be investigated and strictly criticized. And in serious cases, they must be punished.

3. Commercial departments must adhere to socialist orientation and persist in engaging in trade in a civilized way. They must not do things to facilitate feudal superstitious activities.

4. It is imperative to seriously conduct education in the legal system and to refute rumors in places where they are spread. We must disclose the sabotage activities of these hostile elements and people with ulterior motives. We must criticize and educate those who spread rumors. In accordance with the law, we must apply sanctions against and strike severe blows at those who create rumors to confuse and poison people's minds and who have a bad influence.

HUBEI CPC DECISION ON HOUSING MALPRACTICES

Report on Decision

HK290307 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Mar 84

[Excerpts] The provincial CPC Committee made a decision on 22 March on implementing the principle of simultaneous rectification and correction of defects and correcting the malpractices of building and distributing houses among the party members and cadres.

The decision noted that while carrying out the principle of simultaneous rectification and correction of defects, it is necessary to resolutely curb housing malpractices among the party members and cadres. This is an extremely important measure to enhance the confidence of the vast numbers of party members in doing party rectification work well.

Since the housing problem is rather complicated and covers much ground and there are tremendous difficulties and obstacles, a number of units are still adopting a wait-and-see attitude. In spite of repeated injunctions by the CPC Central Committee, some units have committed mistakes in the course of party rectification, which has aggravated the problem. If this unhealthy trend is not curbed, it will inevitably affect the relations between the party and the masses and dampen the enthusiasm of the masses in building the four modernizations.

The decision stipulated that housing malpractices among the party members and cadres should be examined and handled according to the relevant provisions of the CPC Central Committee and the State Council, the open letter of the Central Discipline Inspection Commission, the summary of the implementation of the forum held by the Central Discipline Inspection Commission, and the relevant documents of the provincial Discipline Inspection Commission. The principles and policies for handling the problems are:

1. It is necessary to seek truth from facts and appropriately deal with the problems according to the different circumstances. A clear distinction should be made between malpractices and violation of the law and discipline.
2. In light of the requirements of the decision of the CPC Central Committee on party rectification and the open letter of the Central Discipline Inspection Commission, stress should be placed on examining problems which occurred after the promulgation of the rules of conduct for inner-party political life.
3. The problem of occupied excess housing should be dealt with according to the relevant documents of the provincial Discipline Inspection Commission.
4. The housing of cadres at the provincial level should be arranged according to the regulations stipulated in the relevant documents from the central authorities.

The provincial CPC Committee will assign a deputy secretary to be in charge of the inspection work of the provincial organs, which will be under the supervision of the provincial CPC Commission for Guiding Party Rectification. Those who resist the decision on party rectification and the open letter, stick to their old ways of doing things, and refuse to correct their mistakes must be handled seriously, whatever their rank.

CPC Meeting

HK290309 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Mar 84

[Excerpts] Yesterday afternoon the provincial CPC Committee held a meeting of responsible persons of various departments, commissions, and offices directly under the provincial authorities calling on the leading organs to set an example for the entire province in curbing the malpractices of illegally building and occupying houses.

Qian Yunlu, deputy secretary of the provincial CPC Committee, presided over the meeting and delivered a speech. He said that party organizations at various levels in our province have done a great deal of work and scored certain achievements in implementing the open letter of the Central Discipline Inspection Commission and in curbing housing malpractices. However, the progress of this work is relatively slow and uneven. On the basis of solving the problem of insufficient office buildings, we must regard the curbing of housing malpractices among party members and cadres as a breakthrough in simultaneous rectification and correction of defects. It is necessary, first of all, to start this work with the leaders of the provincial CPC Committee, the provincial government, and the leading organs directly under the provincial authorities.

Comrade Qian Yunlu presented the following five specific requirements:

1. It is necessary to deepen our understanding and adopt a resolute attitude. The problem of curbing housing malpractices among party members and cadres is closely related to the relations between the party and the masses, a fundamental change for the better in party style, and whether or not party rectification will proceed perfunctorily. If the housing malpractices of party members and cadres of the provincial leading organs are not properly solved, this unhealthy trend will affect the entire province.
2. Correctly grasp the policies and draw a clear distinction. A clear distinction should be made between the malpractices and violations of law and discipline, and between the malpractices and the housing area of some people which exceeds the standard requirements. Those who have violated the law and discipline must be dealt with seriously, whereas the malpractices must be corrected in the course of party rectification. Discipline will be enforced upon those who refuse and resist inspection.
3. The work of curbing housing malpractices should be combined with the establishment and perfection of the rules and regulations for building and distributing houses and with the implementation of the party's policies concerning intellectuals, retired cadres, united front, and Overseas Chinese.
4. Leading cadres of the provincial organs should take the lead in studying the relevant documents, pay close attention to this work, conduct investigations, work out measures for handling problems, and do a good job in the final inspection.
5. Strengthen leadership. The provincial organs should assume responsibility over the work according to different fronts and departments. A responsible comrade must be assigned to personally take part in this work, organize special teams to tackle tough problems, get rid of obstacles, grasp positive and negative typical cases, and make these cases known to the public in order to promote the smooth progress of the work.

SICHUAN GROUPS INSPECT POLICY ON INTELLECTUALS

HK290345 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Mar 84

[Text] The provincial CPC Committee has sent inspection groups to various places and the provincial organs to check on the implementation of policies toward intellectuals. In early January the provincial CPC Committee summoned the departments concerned to make arrangements for this inspection, and propose the focal points and demands. For the work, it was decided to organize inspection groups composed of cadres and send them to all cities and prefectures, the Aba and Ganzi Autonomous Prefectures, and the provincial organs to help the party committees in carrying out inspections. Over 80 cadres have now been transferred into 17 of these inspection groups. They are now setting out for their destinations. The groups held a brief study period before setting out.

The provincial CPC Committee points out that this inspection must focus on the question of bringing the role of the intellectuals into play. Centering on this question, it is necessary to seriously inspect how the areas, departments, and units are implementing the central and provincial CPC Committees' policies and regulations on the work concerning intellectuals, and the problems of the recruitment of intellectuals into the party. It is necessary to seriously investigate and analyze the leadership groups of scientific research, education, culture, and public health units that have still not implemented the party's policies on intellectuals, and transfer relatively young comrades who have an education and a grasp of policies into the leadership groups.

YUNNAN ECONOMIC WORK CONFERENCE CONCLUDES

HK210307 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 20 Mar 84

[Text] The provincial economic work conference concluded in Kunming on 19 March. The conference called on the economic work departments throughout the province to emancipate their minds, relax the policies, and strive to create a new situation in the province's economic work.

The conference pointed out: This the 35th year since the founding of the state. It is a key year in fulfilling the Sixth 5-Year Plan ahead of schedule. It is very important to make a success of this year's economic work. The conference demanded that the cadres and masses on the economic front link their work with the general goal, suit the new situation, and spontaneously make their work subordinate to and serve the party's general goal. They should gain new merit and create new experiences in attaining this goal.

The meeting held: In order to create a new situation in economic work, it is necessary to accurately identify the breakthrough points and concentrate forces to make a breakthrough. Proceeding from the actual conditions in Yunnan, we should strive to make four breakthroughs this year: 1) In agriculture, grain production should exceed 20 billion jin, tobacco production should exceed 5 million dan, and sugarcane should be sown on 1 million mu. 2) Industrial output value should exceed 10 billion yuan. 3) Afforestation should exceed 10 million mu. 4) The urban and rural collective enterprises should make a big breakthrough, with output value rising by over 20 percent and income by over 30 percent.

The conference held lively discussions on economic issues, unanimously holding: The way to create a new situation in economic work is to carry out reforms; we cannot advance without reforms. We must uphold the spirit of persistently carrying out reform and making a steady advance. We should gradually forge ahead through organizing pilot projects and summing up experiences.

SHANXI LIAISON GROUPS BEGIN RECTIFICATION WORK

HK281254 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 27 Mar 84

[Text] The third batch of party rectification liaison groups sent by the Shanxi Provincial CPC Committee began their work on 26 March in the provincial Light Industrial Department, the Metallurgical Department, the Cultural Department, the department in charge of urban and rural construction and environmental protection, the department in charge of material supply, the provincial office in charge of national defense science and industry, and Taiyuan City. The liaison groups to Yuncheng Prefecture will also be sent in a few days.

There are 23 comrades in these liaison groups. Most of them are veteran comrades who have withdrawn to the second line. There are also some young and middle-aged cadres. They all received 2 days of training before they were sent to these departments.

On the afternoon of 24 March (Hu Xiaoqin), deputy director of the provincial CPC Committee Party Rectification Office and director of the provincial CPC Committee Organization Department, had a talk with them. He required that they do a good job in the following three respects: 1) continue to unify thinking; that is, unify the thinking of all of the people in line with the party's line, principles, and policies mapped out since the 3d Plenary Session of the 11th CPC Central Committee; 2) continue to firmly grasp the work of simultaneous rectification and correction of defects and immediately and resolutely check the unhealthy tendencies and bureaucratism; and 3) be resolute in weeding out the three types of people, meaning, to thoroughly get rid of the time bombs within the party so that there will be no hidden perils; be cautious in handling the cases, meaning, to implement the party's policies strictly so that no one will be wronged; and be careful in settling problems, meaning, not to involve others in a case.

Comrade (Hu Xiaoqin) said in conclusion that it is extremely necessary for us, the liaison groups sent by the provincial CPC Committee, to pay great attention to our work methods. In this regard, he furnished the following four requirements: 1) to carry out painstaking ideological work; 2) to carry out investigation and study and help the units they are working for find out the principal contradictions and principal aspects of the contradictions to be solved during party rectification; 3) to set high demands on themselves and play an exemplary role with their action; and 4) to acquire the viewpoint of "one divides into two," that is, to point out the shortcomings of the advanced units while summing up their experiences, and to see the advantages of the less advanced units and act as their good consultants.

JILIN DISCUSSES NEXT STAGE OF RECTIFICATION

SK290510 Changchun Jilin Provincial Service in Mandarin 2200 GMT 28 Mar 84

[Text] According to JILIN RIBAO, the guidance group in charge of party rectification under the Jilin Provincial CPC Committee recently held a forum in Changchun City to discuss the pilot work of the organs that were assigned to the second stage of the party rectification drive.

Attending the forum were responsible comrades from the offices in charge of the party rectification work of various cities, prefectures, and autonomous prefectures; and from the units that have taken up the pilot work of party rectification. At the forum the provincial Education Department, the provincial Forestry Department, the provincial Trade Union Federation, and the Siping City CPC Committee delivered reports introducing their experiences gained in conducting the study of the party rectification documents and in summing up or examining the study results.

The forum pointed out: In principle, the pilot work for the second stage of party rectification should be carried out among the party and government organs of various cities, prefectures, and the autonomous prefecture. The leading bodies of these organs must be healthy, staunch, and good. The principal leading comrades of cities, prefectures, the autonomous prefecture, and counties should personally take charge of the work. In conducting the pilot work, units should pay attention to making the main points in certain aspects stand out, putting particular emphasis on these aspects in line with their actual situation and the premise of fulfilling the "four tasks" in an overall way. They should uphold the principle of making an arrangement to examine the results of the work at every stage. They should immediately make up their shortcomings whenever they lack something. Otherwise, they will not be allowed to shift their work stages. It is imperative to ensure the quality of the party rectification work and create a situation in which the broad masses of party members from top to bottom, with their leaders as vanguards, are persistently conducting transformations in the course of party rectification and are making the two breakthroughs of dealing blows to the people and bureaucracies who have sought private gain by taking advantage of their power and position.

The forum stressed: Attention should be paid to consolidating or developing the achievements scored in the pilot work of the first stage. In summing up and examining the work results, it is imperative to uphold the high standard and to refrain from perfunctorily or superficially approving the work results. Work results that are not up to the standard cannot be approved.

During the forum participating comrades also made concrete arrangements for weeding out the three types of people.

LIAONING'S GUO FENG VISITS AISIN GIORRO PU JIE

SK290450 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 28 Mar 84

[Text] On the evening of 27 March Guo Feng, first secretary of the provincial CPC Committee, came to the place where the deputies of the Second Session of the Sixth Provincial People's Congress were stationed to visit Aisin Giorro Pu Jie. When Comrade Guo Feng arrived there, Pu Jie, who was writing a poem with a brush, stepped forward to warmly shake hands and talk with him.

LI XUEZHI SPEAKS AT NINGXIA RURAL WORK FORUM

HK231544 Yinchuan NINGXIA RIBAO in Chinese 4 Mar 84 pp 1, 2

[Speech by Li Xuezhi, secretary of the regional CPC Committee, at regional rural work conference: "Unify Thinking, Strengthen Leadership, and Create a New Situation in Rural Commodity Production in Our Region" -- date not given]

[Text] Comrades: The subject of this regional work conference is to conscientiously study and implement central Document No 1 of 1984, discuss certain stipulations for implementing Document No 1 in the autonomous region, and make arrangements for this year's rural work.

Our implementation of the spirit of the national rural work conference began with the conference on agricultural production and construction in the Huang He irrigated areas held in the later part of last December. At this meeting we transmitted, studied, and discussed the speech of Comrade Wan Li as well as the conference guideline. After the formal transmission of central Document No 1 to the lower levels this year, the Standing Committee of the regional CPC Committee has carried out study and discussions, and made arrangements for the study as well as the implementation of Document No 1 throughout the region. Various prefectures, cities, counties, and rural areas, as well as party organizations of various departments and units, have also organized the broad masses of cadres and people to conscientiously carry out study and discussions. After the Spring Festival the regional CPC Committee has organized more than 5,000 cadres at various levels to go deep into the grassroots level, as well as peasant households, to propagate and implement central Document No 1. They have regarded the implementation of central Document No 1 as an important content of party rectification to grasp, applied the spirit of party rectification to properly implement central Document No 1, resolutely carried out the various tasks, policies, and principles presented by central Document No 1, simultaneously carried out rectification and correction of defects, and used practical actions to maintain unanimity with the Central Committee. Because of the importance attached by the party committees, we have basically succeeded in making the document known to every household. The cadres at various levels transferred to the lower level, by means of the policy of simultaneously explaining and publicizing the document, carrying out investigations and study, and implementing policies, the enthusiasm of the peasants for developing "two kinds of households" and commodity production.

I fully agree with the speeches made by both Comrade Boli and Comrade Zhulin day before yesterday. Today, focusing on rural work for this year, I wish to bring up several points with regard to raising the level of productive forces, clearing the channels of circulation, and developing commodity production, on the basis of stabilizing and perfecting the production responsibility system, for the comrades to discuss and use as reference.

I

The New Situation of Rural Economy in Our Region

Since the 3d Plenary Session of the 11th CPC Central Committee, the rural situation in our region has become better and better, and there has again been a new development in 1983. Presently the situation of rural economy in our region is the best since the founding of the People's Republic of China. These are the distinguishing features.

1. The system of contracted responsibility with remuneration linked to output for families has been universally practiced by 99.7 percent of the production teams in the rural areas throughout the region.

The system of contracted responsibility with remuneration linked to output has spread from the planting industry into such production spheres as forestry, animal husbandry, industry, sideline production, and fishery; various forms of contracts are being perfected and improved. This basic reform of the rural economic system has greatly aroused the enthusiasm of the peasants for production, and created conditions for the large-scale development of rural commodity production.

2. Considerable progress has been made in the development of rural commodity production. Total grain output in the entire region reached 2.9 billion jin in 1983, the highest level in history, increased by 23.9 percent compared with 1978, and fulfilled the total grain output index called for in the "Sixth 5-Year Plan" 2 years ahead of schedule. The tempo of the development of diversified economy has also been faster than in the past. Total output value reached more than 330 million yuan and increased by 10 percent compared with 1982. The total output value of diversified economy accounted for 38.8 percent of the total output value of agriculture. The gross income of commune and production team run enterprises reached more than 125 million yuan in 1983, increased by 36 percent compared with 1978, and accounted for 14.7 percent of the gross agricultural income. In 1983 commodity grain (converted to unprocessed grain for calculation) sold by the entire whole region to the state reached more than 930 million jin, and increased by 100 percent compared with 1978, and by 21.7 percent compared with 1982. The total value of agricultural sideline products purchased by the state amounted to 270 million yuan and increased by 19.2 percent compared with 1982. Rural market trade accounted for more than 11 percent of the commodity retail volume in society, and increased by 19.9 percent compared with 1982. The average income of the peasants reached 288 yuan a year, and increased by nearly 150 percent compared with 1978, and by 23.4 percent compared with 1982.

3. There has been a new breakthrough in production of a developmental nature. The enthusiasm of the peasants engaged in production of a developmental nature has become higher and higher. In 1983 they reclaimed more than 100,000 mu of wasteland in the new, as well as the old, irrigated areas. Particularly encouraging is the method of siphoning adopted by the masses in mountain areas for the large-scale development of new irrigated areas. Outstanding results have been produced, and they have embarked on the new road from poverty to wealth. Some 1.01 million mu of barren hills in mountain areas have been assigned to the peasants. In response to the call by the Central Committee, people throughout the region have diligently studied the "Book of Flora" and started a campaign for planting grass and trees and transforming the ecology. They have afforested 620,000 mu, an increase of 96.2 percent compared with 1982, and reserved an area of 500,000 mu for the planting of grass.

4. Large numbers of specialized households and key households, which became rich through hard work, have appeared in the countryside. There are now more than 80,000 "two kinds of households" in the region. They have accounted for 14.9 percent of the total number of peasant households in this region, and represented an increase of 2.5 times compared with 1982. Their scope of operation has also developed from planting and cultivation to the building, building material, processing, commercial service, and transportation trades engaged in 40 to 50 different kinds of operations. They are expanding the scale of production step-by-step and constantly raising their economic results.

5. The production of impoverished mountain areas in the south has been restored and developed. The series of special rehabilitation policies for mountain areas in the south are beginning to produce initial results. According to the investigation of Kuyuan County in the later part of last year, 70 percent of the peasant households in the county basically have enough food, 10 percent have started to become rich, and 20 percent have still not solved the problem of food and clothing.

This kind of situation is certainly typical of mountain areas in the south. The features of the mountain areas are beginning to change; some outstanding households in commodity production have appeared, and they are attracting the peasants to become rich through labor.

The rural economic situation in our region is good. Important changes are taking place in the rural economic structure, and the entire rural economy is in the process of changing from a semi-self-sufficient economy to one of large-scale commodity production. Comrade Hu Yaobang recently pointed out: "Practice in recent years has proved that we have not overestimated, but have underestimated the development of the situation. I see that this tendency still exists among some of the comrades presently." This is completely in line with our region's actual condition. We must acquire a thorough understanding, heighten our fighting spirit, lead the masses, and forge ahead.

We must sufficiently understand the problems in rural work as well as the agricultural economy of our region. 1) The foundation of rural economy in our region is still rather weak; the level of the productive forces of mountain areas in the south is still very low, and the problem of providing food and clothing for the peasants has still not been basically solved. Rural commodity production in our region is still in the initial stage of development, and the commodity rate of agricultural products is low. Even in irrigated areas where the development of commodity production has been faster, problems in such fields as service, circulation, information, and technology are still rather conspicuous. 2) As a result of the reform becoming more and more thorough in various rural sectors, the development of the rural economic system becoming more diversified, and the inability of ideas and understanding to follow up, problems of unsuitable work style have become more and more evident, and some have already hindered the development of rural commodity production. The problems of "three difficulties, four fears, and five lacks" (difficulty to buy, difficulty to sell, and difficulty to make profit; fear of business failure, fear of property damage, fear of overstocking, and fear of extra burden; lack of funds, lack of materials, lack of technology, lack of seeds and seedlings, and lack of information), reflected by the masses actually exist. However, the most important factor is that, ideologically, the leading members have still not been emancipated from the ideological limitations of self-sufficient and semi-self-sufficient small economy and natural economy, or from old ideas, habits, and conventions. In action this is manifested in not consciously or actively subordinating themselves to serving the general task and general target, or resolutely implementing the line, policies, and principles of the party since the 3d Plenary Session of the 11th CPC Central Committee, but using numerous regulations and taboos to restrict and even hinder the development of rural commodity production. Some of our comrades lack the production viewpoint, the mass viewpoint, and the viewpoint of serving the people wholeheartedly. On the contrary, bureaucracy and the "customs barrier style" are rather serious. Many problems have already been reflected in this respect. For instance, a glaring example is the case of the Lingwu state farm, which, after fulfilling its grain purchasing tasks was fined for selling its self-produced grain at a negotiated price. The regional CPC Committee has already expressed its attitude and corrected this mistake. Such problems are mainly provoked and caused by problems in ideological understanding. However, we must also be on guard against a handful of people opposing the line of the 3d Plenary Session of the 11th CPC Central Committee, resisting the policies of the party, distorting the policies of the party, and sabotaging the development of production. There are also many ideological reservations on the part of the masses, such as the fear of changes, the fear of becoming rich, and the fear of being identified as a "new landlord" or a "new rich peasant." They are afraid of boldly becoming rich, and afraid of not being able to bear the burden of heavy taxes.

Just as Comrade Wan Li said: "This is a critical moment. If problems are properly solved, the rural situation will continue to develop and advance smoothly. Otherwise, it will be difficult to consolidate the excellent situation already achieved, and there will also be the danger of losing what we have acquired." Therefore, we must not only see the excellent situation, but we must also soberly see the difficulties and problems ahead. We must conscientiously study central Document No 1 of 1984, grasp its spiritual essence, go deep into reality for investigations and study, realistically solve these new problems, and advance the vigorous rural economy.

II

It Is Necessary To Bring About a Great Change in Thinking

Presently the rural areas of our region are at a crucial moment in history. Leading members at various levels must bring about a great change in their thinking. They must bring about the change from a self-sufficient and semi-self-sufficient economy to large-scale commodity production, from traditional agriculture to modern agriculture, from simply grasping grain production to grasping diversified economy, from the vicious circle of natural ecology to a benign circle, from simply relying on administrative methods to managing the economy based on economic laws, from "waiting, depending, and demanding" to relying on one's own efforts and arduous struggle, from being content with things as they are and closing the door to outside intercourse to resolutely carrying out reforms, courageously making innovations, and boldly introducing advanced technology, qualified people, and capital from inside and outside the country in order to fit in with the needs of the new situation, and promote the development of rural commodity economy.

1. Fully understand the inevitability and importance of developing commodity production.

Socialism cannot be consolidated or developed on the basis of a self-sufficient and semi-self-sufficient economy, and only the large-scale development of commodity production can promote a division of trades and labor, and continue to raise the level of the productive forces. This is an inevitable process that cannot be overstepped. Socialist commodity production is established on the basis of socialist public ownership, and its basic goal is to satisfy the constantly increasing needs in the material life as well as the cultural life of the society and the people. However, capitalist commodity production is established on the basis of the means of production owned by capitalists, and its basic goal is to seek the greatest extent of surplus value; what it reflects is the relationship between the exploiter and the exploited. These two things are essentially different and cannot be mixed together. Under the socialist condition of our country, the development of rural commodity production will not lead to capitalism, but will only promote and develop socialism, and this is beneficial to the state as well as to urban and rural people.

For a long time our rural economy has been in a state of self-sufficiency and semi-self-sufficiency. Our attention must focus mainly on the problem of providing food and clothing for the peasants. Since the 3d Plenary Session of the 11th CPC Central Committee we have emancipated our minds, relaxed restrictions, and enlivened the economy, and there has been a faster development in rural commodity production. However, a considerable portion of the comrades have still not ideologically taken this seriously. In particular, leading comrades at various levels are still in the habit of only grasping production, they have neglected to pay attention to the development of circulation and commodity production. They erroneously think that under the socialist system, production and circulation can all be included in the state plan, and engaging in economic work means "controlling." Consequently, control becomes more and more rigid, and things become less and less. To develop commodity production, we must develop commodity exchange and clear up the channels of circulation.

We must proceed from a large-scale development of commodity production, study the entire process from production to circulation, distribution and consumption, learn to assume overall economic responsibility, learn the use of economic methods to manage the economy, learn to apply the law of value in grasping commodity production as well as commodity circulation, and change the old habit and method of simply relying on the formula of administration and management to organize production and circulation.

The construction of socialism and the realization of the four modernizations are in the final analysis for the sake of making the people prosperous and the country strong as soon as possible. Our rural population accounts for 80 percent of the total population of the country, and if the 800 million peasants are not prosperous, the country cannot become prosperous. The basic point of departure for our rural work is to make the broad masses of peasants even more prosperous. The large-scale development of rural commodity production is not only the road we must follow to bring about the modernization of agriculture, but it is also an important way to make the peasants more prosperous. For example, Xu Miaolan, the "leading authority on pig-raising" of Zhongning County, last year supplied 25 head of pigs, amounting to 4,500 pounds of pork. Including workshop processing, this earned a net income of 5,800 yuan, or an average income of 970 yuan a person. The specialized household of Ma Shengxiang in the suburb of Yinchuan kept 14 head of dairy cows, produced 116,000 jin of milk, and earned a net income of more than 10,000 yuan last year. Lu Shuying, a young female intellectual who returned to do farm work in her native village, supplied more than 600 jin of commodity eggs last year, raised over 400 hens and 38,000 chicks, and earned more than 12,200 yuan. Average net income worked out to 3,050 yuan a person. From this we can see that the development of rural commodity production has not only supplied a large amount of agricultural sideline products to cities and towns, but has also opened the way for the peasants to end poverty and become rich. Our leading members at various levels must have the courage to self-confidently grasp rural commodity production.

2. Correctly handle the "two kinds of households" in rural areas. The development of specialized households and key households is of important significance toward transforming the rural areas from a self-sufficient and semi-self-sufficient economy to large-scale commodity production. The "two kinds of households" are presently the representatives of the advanced productive forces in the rural areas, the forerunners of the broad masses of peasants and people getting rich together, and the activists following the party in carrying thorough rural economic reform. Some of our comrades have this or that kind of reservation regarding the development of the "two kinds of households," and there is some confused thinking. Some have adopted an indifferent attitude, and some of the cadres are "afraid" of supporting the two kinds of households. They are afraid of being accused of "fattening themselves," afraid that the specialized household might get into trouble and involve them, afraid that the hiring of helpers would be regarded as exploiting the workers, and afraid that if the specialized households should collapse, they would be unable to recover their loans and working funds. Some have discriminated against and attacked the "two kinds of households" and even infringed on the legitimate rights of others. This explains: The influence of the "leftist" mistake of "it is an honor to be poor, and prosperity will lead to revisionism" has still not been eliminated among some of the cadres and people. We must see that most of the "two kinds of households" have observed the policies and decrees of the party and the government, and they have become rich by relying on their own diligent labor and intensive study to master advanced technology as well as administration and management knowledge. Those who relied on improper means to become rich are only a small handful. We cannot see one part as the whole, or the minor issue as the major issue. There is also no need to worry about "polarization," for there is presently no condition for "polarization". We should not mistake the phenomenon of some of the peasants becoming rich first based on the policy of the party as "polarization."

As a result of the expansion of production and the scale of operation, large numbers of specialized households and key households have emerged throughout the region. Some have already evolved into various forms of cooperation and alliances with many administrative levels and different contents. Some "small and complete" and "small and specialized" families and households have already appeared, and they have gradually become specialized production teams and specialized villages as well as various forms of economic alliance developing in the direction of more centralized specialization and serialization commodity production. Recently in the process of conscientiously implementing central Document No 1 the Manchun village in the suburb of Yinchuan has acquired some good methods and experience, determined 23 items of commodity production, developed 93 new specialized households and key households, and increased the ration of the "two kinds of households" to 42 percent of the total number of households in the village. Leading members at various levels must clarify: Politically, we must give active support to the "two kinds of households." Economically, we must vigorously help them. Technically, we must provide them with guidance, and we must respect and safeguard their interests. We must also energetically commend and reward those specialized households and key households which have actively developed commodity production as well as contracts of a developmental nature, and which have become rich through labor. We must call on the broad masses of peasants to emulate them, and establish the social atmosphere of "it is an honor to be the 'two kinds of households.'" Based on their own scope of business, various professions and trades must actively supply such service work as preproduction, production, and post-production technical guidance, disease prevention, and feed supply, as well as product transportation and marketing to the "two kinds of households." If service work is properly carried out, this primary cell of the "two kinds of households" will become active, and rural commodity production will develop. If service work cannot follow up, this cell will die, and the newly developed rural commodity production will come to a premature end.

III

Tangibly Strengthen Leadership Over Rural Commodity Economy

1. Conscientiously study and implement central Document No 1 with the spirit of party rectification.

Central Document No 1 of 1984 is another programmatic document for guiding rural work. Presently a good beginning has been made in the study and propagation of Document No 1 in the region. We must continue to carry out thorough study and implementation. We must unify our thinking with central Document No 1, carry out the large-scale development of rural commodity production, achieve the goal of quadrupling the gross output value of agriculture in our region, and attain the goal made by General Secretary Hu Yaobang for raising the economic development of our region to above the average level of the whole country. We must build a united, prosperous, and civilized new Ningxia.

To realize the plan of quadrupling the gross output value of agriculture in our region, we must proceed from actual conditions in Ningxia. The gross output value of agriculture in our region was 686 million yuan in 1980. By the year 2000 it will reach 2.74 billion yuan.

Based on the demand of this plan, judging from the composition of the gross output value of agriculture and the trend of agricultural development in our region at present, various departments of agriculture should draw up different objectives of struggle for quadrupling the gross output value. Judging from the analysis of the actual conditions in our region, it is obviously difficult to simply quadruple the output value of agriculture. We must place the focus of quadrupling on the development of such diversified economy as forestry, animal husbandry, sideline production, fishery, and industry, as well as commodity production. We have many favorable conditions for achieving this goal. First, we have the brilliant leadership of the CPC Central Committee as well as the guidance of central Document No 1 of 1984. Second, our region has a given material and technological foundation for the development of commodity production. Third, we have a number of typical specialized households to lead the way. Fourth, the broad masses of peasants have an earnest desire to get rid of poverty and become rich, as well as enormous enthusiasm for socialist labor. Finally, there are experiences both inside and outside the country for us to draw on as reference. We must heighten our fighting spirit, put up a stubborn fight, confidently, ambitiously, and conscientiously struggle hard, creatively develop the new situation, and produce vivid and dramatic first class work.

We must continue to emancipate our minds, rid ourselves of the shackles of "leftist" ideology, and further relax the rural economic policies. In particular, we must relax and invigorate things in the field of circulation. After the regional CPC Committee and the People's Government have transmitted "Certain Stipulations on the Implementation of Central Document No 1 of 1984" to the lower levels all prefectures, cities, counties, as well as departments and units, must proceed from the actual conditions in their own locality, make further concrete regulations, and continue to arouse the enthusiasm of the masses with the policies. All departments and areas, as well as professions and trades, must check on their guiding ideology, vocational policies, regulations, and methods, and those who violate central Document No 1 as well as the policies and regulations of the regional CPC Committee must be corrected.

2. Establish and perfect the leadership and management organ of rural commodity economy.

Presently new organizations of commodity economy have continued to appear under the names of every description in the countryside. For the sake of eliminating conflicting policies and disputes, and improving work efficiency, it is necessary to have a unified leadership and management organ. It may be in the form of a service company, "two kinds of households" association, federation, or service center, with the Business Bureau of Communes and Production Teams taking the lead, to mobilize and organize the forces of various sectors, to set up a strong and effective leadership and organize a more comprehensive service system for satisfying the demands of the peasants in such fields as technology, funds, materials, supply and marketing, and information.

3. Draw up short-term targets as well as long-term plans for the development of rural commodity production and set up various commodity production bases.

Setting up various types of commodity production bases is an important strategic measure for the development of rural commodity production. At the agricultural production and construction conference of the Huang He irrigated areas, the regional CPC Committee and the People's Government proposed tentative ideas as well as programs for setting up 10 commodity production bases in the irrigated areas. At the agricultural production and construction conference of mountain areas in the south, views have been presented for the establishment of protective forestry, self-sufficient agriculture, commodity livestock farming, and diversified commodity economy in the mountain areas.

These tentative ideas, programs, views, policies, and measures are all in conformity with the spirit of central Document No 1 of 1984. Relevant departments as well as various localities in the autonomous region must pay attention to the drawing up of implementation plans for the establishment of various commodity production bases, and place the construction of commodity production bases on a positive and reliable basis. They must implement the post responsibility system and the fixed leadership, fixed task, fixed investment, fixed materials, fixed technology, and fixed reward and punishment system in every department and unit, down to the village, production team, household, and individual, and guarantee the fulfillment of the task.

We must arrange the agricultural sideline products in order of importance and urgency, concretely analyze the condition of production, supply, and marketing of various types of products, and forecast the trend of development. We must fully understand the condition of local resources as well as dominant trades and products, in order to develop new trades and products. In short, in carrying out diversified economy and developing commodity production, we must pay attention to the "breakthrough point," and select the focal point for making a breakthrough to lead the overall situation.

Both the old and new irrigated areas have large tracts of barren land which can be reclaimed for the planting of grains, grass and trees, and cash crops. The rich water resources can be used for the raising of fish, shrimps, and ducks. The mountain areas are vast, the topography and microclimate differ greatly. The planting of grass, trees, medicinal herbs, and woody cash crops, the gathering of wild medicinal herbs, and the development of apiculture can be vigorously carried out. There are also numerous minerals in various parts of the region. Coal and building material resources are particularly abundant and suitable for exploitation. We must develop the weaving industry to raise the comprehensive utilization of the straw of wheat and rice. We must develop the feed-processing industry to promote livestock farming. We must set up urban and rural collectives as well as individual transportation industries. We must develop preserved and fresh fruits, Islamic food, and Islamic articles for daily use. We must take full advantage of all favorable conditions, tap various potentials, and develop commodity production.

4. Clear up the channels of circulation, and make a success of various service work.

Commodity circulation is an important link in the development of rural commodity production. Since the 3d Plenary Session of the 11th CPC Central Committee, the state-operated commercial cooperative, as well as the supply and marketing cooperatives in our region, have done a great deal of work in linking and enlivening the urban and rural economy, supporting agricultural production, and improving the life of urban and rural people; results have been obtained. However, work in the field of circulation in the rural areas is still not quite suited to the new situation as well as the new demands of the large-scale development of rural commodity production called for. Clearing up the channels of circulation is particularly important, and we must pay special attention to the following measures:

1. Make a success of various channels of commodity circulation. There is a common saying: All rivers flow to the sea. The more channels we have the more advantageous this will be to the development of commodity production. In accordance with the spirit of central Document No 1 of 1984, we must adhere to the principle of viewing the planned economy as the key link, and supplementing it with regulation by market mechanism, hold fast to the policy of the state, the collective, and the individual advancing together, and develop various channels of circulation. Under the premise of guaranteeing to fulfill the task of the state, we should leave the products and commodities, suited to rural cooperative economic organizations, state farms, and peasant management to the management of various channels, and continue to develop new fields of commodity circulation.

2. Further make a success of the reform of the system of supply and marketing cooperatives. This is the focal point of clearing up the channels of circulation. To make a new breakthrough in the reform of the supply and marketing cooperatives system, we must guard against being satisfied with merely reforming the administrative structure; we must thoroughly reform the orientation, scope, and style of management. The demand made by Comrade Tian Jiyun for making breakthroughs from five directions in the reform of the supply and marketing cooperatives is in complete conformity with our region's situation. We must break away from the restrictions of the existing range of operation and scope of service, share the anxiety of the peasants, do the things the peasants want to do, enable the supply and marketing cooperatives to really become a vital force in helping rural commodity production, develop sales outlets and promote better production and sales, and become the link between state and peasant economy.

3. The construction and development of small rural market towns are a very important matter which must be placed on our working agenda. The development of specialized households and the construction of market towns are an important policy not inferior to the responsibility system in significance, and prospects are boundless. Departments concerned must provide room for the development of specialized households, and issue them business permits. Presently times have changed, and some of the peasants will gradually move to market towns. Central Document No 1 of 1984 has also specially dealt with the question of constructing and developing small market towns, and we must properly grasp its essence and raise our understanding. We must vigorously develop the commercial and service trades of small market towns as well as small-scale rural industry with emphasis on agricultural sideline processing, advance on agricultural production in breadth and scope, and create conditions for changing the distribution of population and industry. Judging from the overall situation, the development of agriculture, industry, and commerce is closely related. "Without agriculture there will be no stability, without commerce there will be no enlivening, without industry there will be no prosperity, and without technology there will be no progress." All localities must conduct experiments at selected points. The regional Civil Administration Department, the Urban and Rural Construction Department, the Economic Committee, and the Commerce Department must jointly study, make plans, formulate relevant regulations and methods, and pay attention to a number of different prototypes.

5. Actively introduce advanced technology, qualified personnel and funds.

The economy and technology of our region are backward, but we have rich resources, and great potential for developing the economy. The economic and technical cooperation carried out with economically developed and technologically advanced fraternal provinces and cities are of special significance. We must adopt various forms of inviting them to provide technical guidance, and help with the training of qualified personnel. We must not begrudge spending a bit of money. We must advertise in such provinces and cities as Beijing, Tianjin, Shanghai, Zhejiang and Shaanxi for some retired workers, technicians, and management personnel to come to our province, so that they can help with the development of commodity economy, pass on their technical skills and train qualified personnel. We must not only pay attention to raising funds in our rural areas, but we must also adopt various means to attract funds from outside. On these matters, we must adopt some special policies and realistically relax restrictions. All prefectures and departments must conscientiously carry out study, and after acquiring a correct understanding, they must firmly take action and carry out implementation.

6. Do one's own work well, centering on central Document No 1.

Central Document No 1 of 1984 has discussed the important matter of promoting the "two transformations" in the countryside, realizing the goal of quadrupling, and accelerating the four modernizations. All business departments must exchange views on this important matter, understand the overall situation, and manage their own line of work. They must ideologically and politically be on the same plane as the Central Committee, and all their work must be subordinated to and in the service of this important matter. They must bear in mind the overall situation, and do their work well. They must vigorously promote the "two transformations" and not hesitate; what is more, they are not allowed to restrict and interfere. Industrial departments must actively produce machinery and equipment as well as good quality fertilizer, pesticide, and articles for daily use suitable for the countryside, and must also send technical personnel to the countryside. Departments of service, commerce, and grain must clear up the channels of circulation, do their supply and marketing work well, and overcome the problem of "difficult to buy" and "difficult to sell." Economic management departments must set up an information network as soon as possible, and develop an information service. Banks and credit cooperatives must actively raise funds, change the method of providing loans, improve their service attitude, and make a success of the employment and allocation of funds, as well as of credit service work. Scientific and educational departments must vigorously disseminate and popularize science and technology, make a success of intellectual development in the countryside, and train various types of technical personnel. Public security and judiciary organs as well as party discipline inspection departments at various levels must safeguard the legitimate interests of the "two kinds of households," uphold the legality of economic contracts, and strictly deal with all kinds of cases undermining rural commodity production. Public health departments must make a success of the prevention and treatment of diseases and family planning, carry out meticulous ideological work, and resolutely lower the population growth rate. CYL organizations at various levels must develop the "one delegation and two households" activity (namely, the organization of a delegation is to give reports on becoming rich through science, the development of specialized young people's households, and exemplary scientific and technical households).

7. Earnestly transform the leadership style and improve the work method.

Comrade Hu Yaobang recently pointed out: "Some of our departments are still making general calls. There are too many aimless meetings, and too few serious investigations and studies as well as concrete guidance. This defect must also be conscientiously corrected." We lack experience in leading large-scale commodity production; there are many new changes, characteristics, and trends in the countryside requiring us to study once again in order to equip our minds and improve our work. In all of our work, we must adhere to the method of proceeding from reality and carrying out thorough and meticulous investigations and study before we can understand the situation; our determination must be strong and our method must be correct before we can do creative work. We must resolutely overcome the bureaucratic style of the "three manys," "one seldom," and "one low" (many meetings, many documents, and many disputes; seldom going deep into the grassroots level or into reality; and low efficiency). Leading members at various levels must break away from "the mountain of documents and the sea of meetings" as well as from the circle of routine work. The regional CPC Committee has called on the leading members at the regional level and the responsible comrades directly under the region to spend at least two months a year, the leading members at the prefectural and city level to spend at least four months a year, and the leading members at the county level to spend at least six months a year down at the grassroots level to carry out investigations and study, sum up experiences, and solve problems.

Concretely speaking: 1) they must unify their thinking with the spirit of the central document; 2) the leading members must personally carry out investigations and study; 3) they must not be afraid to make a firm decision of the problems which have been ascertained; 4) pay attention to the actual problems and carry out simultaneous rectification and correction of defects; 5) set up typical examples, vigorously popularize advanced experience, and use specific experience to promote overall work; and 6) establish a position responsibility system, develop appraisal through comparison, and be strict and fair in meting out rewards and punishments.

Comrades: The year 1984 is a year of great development in China's rural commodity production. On the basis of the successes already achieved, we must still make greater efforts, adhere to the policy of simultaneously building the two civilizations, strive to do a good job of this year's work, pay proper attention to spring farming and the planting of trees, grass, and flowers to presently afforest the motherland, solve problems that urgently need solving in the development of commodity production, and use practical actions and the newly created achievements to usher in the 35th anniversary of the founding of the state.

SHAANXI CPC CIRCULAR ON COMBATING MALPRACTICES

HK280950 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 27 Mar 84

[Text] With the help of a work team dispatched by the Discipline Inspection Commission and Economic Work Department of the provincial CPC Committee, the party committee of the provincial Textile Industry Company, after thorough investigation, has dealt with the case of (Li Xiling), a coordinator of its Labor and Wages Office, who was charged with the criminal activities of seeking personal gains by taking advantage of his power to recruit workers and deploy manpower. With the approval of the provincial CPC Committee, those involved in the case have been punished according to party and administrative disciplinary measures.

Working as a coordinator in the Labor and Wages Office of the provincial Textile Industry Company from 1978, (Li Xiling) abused his power and violated the party's policy of recruiting workers and the system of deploying manpower. Meanwhile, he committed malpractices for selfish ends and indulged in bribery. He also falsified history and posed as a cadre in order to win the titles of technician and accountant. His most serious crimes were that he raped, intimidated and took liberties with seven girls under the pretext of recruiting workers.

In this connection, the Discipline Inspection Commission and the Economic Work Department of the provincial CPC Committee recently issued a joint circular, calling on CPC committees, discipline committees, and party organizations of the departments in charge of economic work at all levels to concentrate on the problem of seeking personal gains by taking advantage of one's power and the practice of bureaucracy during the current party rectification, and to conscientiously carry out the principle of simultaneous rectification and correction of defects and the principle of the correction of defects before rectification in order to advance party rectification. Those whom people complain about, in regard to their malpractices of seeking personal gains by taking advantage of their positions and violating the law and discipline should be resolutely removed from the posts in the personnel departments and labor and wages offices. Some of them must be subjected to punishment according to party and administrative disciplinary measures. We should by no means tolerate the blackening of the image of our party or the impairment of the interests of the people by such people.

The circular also noted: In handling the cases of violating the law and discipline, we must make a thorough investigation of the cases involving party members and leading cadres who seek personal gains by taking advantage of their power, and deal with them in a serious manner. On no account should we see big problems as small problems nor small problems as no problem at all.

XINJIANG PRODUCTION CORPS REDUCES PERSONNEL

HK280942 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 26 Mar 84

[Excerpts] Many agricultural and livestock farms of the Xinjiang Production and Construction Corps have vigorously reduced the number of nonproductive personnel and have organized cadres to farm responsibility fields, experimental fields, and demonstration fields in order to economize on administrative expenses and to lighten the workers' burdens.

According to statistics compiled by some 20 regimental farms of the 4th Agricultural Division and the 7th Agricultural Division, nonproductive workers have been reduced by some 10,000. The phenomenon of excessive management personnel, excessive logistics personnel, and excessive unoccupied personnel has existed in many of the corp's regimental farms. After universally implementing the system of household contracted responsibilities, with payment linked to output and on the basis of doing a good job in ideological and political work, these regimental farms have vigorously reduced the number of organs and nonproductive personnel to a minimum.

The 125th Regiment Farm of the 7th Agricultural Division has reduced nonproductive workers by some 1,100 and has saved administrative expenses of some 900,000 yuan. The 123d Regimental Farm has cut some 400 workers and has saved administrative expenses of some 400,000 yuan. The workers who have been cut have been transferred to reinforce the production forefront and have played an important part in production.

Last year each cadre of the 133d Regimental Farm of the 8th Agricultural Division grew cotton on 3 mu a year, resulting in an increase in income of some 20,000 yuan.

TAIWAN CUTTING RICE OUTPUT UNDER U.S. PRESSURE

OW242144 Beijing XINHUA Domestic Service in Chinese 0237 GMT 23 Mar 84

[Text] Beijing, 23 Mar (XINHUA) -- According to a Taiwan press report, Taiwan's agricultural department is energetically promoting a "6-year rice paddy crop-change plan" in order to overcome the difficulties caused by restrictions on its rice exports. The Taiwan "Provincial Department of Agriculture and Forestry" said recently that the province had overfulfilled the target of 340,000 mu for this year's first stage of the rice paddy crop-change plan.

It is reported that the plan's implementation began early this year. It is planned that crop changes for some 2.2 million mu of rice paddies will be completed by 1989. Some 1.4 million mu will be used to grow corn and sorghum; some will be converted into fish-breeding ponds. In order to implement this plan effectively, the Taiwan authorities have adopted some concrete measures to restrict rice production and encourage the cultivation of other crops.

In the last few years the Taiwan authorities, under U.S. pressure, have imported large quantities of wheat from the United States, but the U.S. side imposed restrictions on Taiwan's rice exports to the United States. Taiwan now has 1.5 million metric tons of rice in stock. The bulk of this rice stock will become stale in 2-3 years.

Moreover, because Taiwan's self-sufficiency in non-rice grains is less than 5 percent, it must import approximately 6 million metric tons of non-rice grains from foreign countries annually. Such a serious discrepancy between production and marketing of agricultural products has compelled the Taiwan authorities to change their policy from encouraging rice production to restricting large-scale rice production.

JARDINE MATHESON TRANSFERRING COMPANY TO BERMUDA

Jardine Chairman's Comments

HK281116 Hong Kong Domestic Service in English 1000 GMT 28 Mar 84

[Text] The chairman of Jardine Matheson, Mr Simon Keswick, has announced that the ownership of the company is to be transferred to Bermuda. He made the statement in announcing Jardine's annual results this afternoon. Mr Keswick said the company was at a disadvantage when competing for long-term international contracts because of having to deal with questions regarding the long-term future of Hong Kong. Regie (Ratour) reports:

[Begin recording] Mr Keswick stressed that the move would not affect the operation of the group's Hong Kong business. However, in future, all the company's international operations will be lodged with the holding company in Bermuda. Mr Keswick gave several reasons, the main one being concern on the part of Jardine's foreign partners over the future of Hong Kong's legal system. He said Jardine's is incorporated under British law and it wanted to maintain that position, pointing out that Bermuda is a British law jurisdiction, and that was unlikely to change. He said the move would not change the amount of money Jardine pays in Hong Kong tax.

Meanwhile, Jardine announced an 80 percent fall in profits, which drop to \$139 million. The total dividend for the year has also been halved to 40 cents. Mr Keswick blames much of the loss on sister company Hong Kong Land, which earlier posted a profit of only \$168 million compared with \$814 million for 1982. The dividend was slashed to 1 cent a share and was only paid to maintain the group's trustee status. Massive writedowns of the group's portfolio led to an effective loss of \$1,282 million. [end recording]

Other Firms May Leave

HK290146 Hong Kong SOUTH CHINA MORNING POST in English 29 Mar 84 pp 1, 14

[Article by "staff reporters": "Fears Others Will Follow"]

[Text] There were fears yesterday that other companies could follow Jardine, Matheson in basing their operations outside Hong Kong. But at the same time, many commentators attached no particular significance to the firm's move to a Bermuda base, forecasting that the impact on the business sector would be minimal. Some of the reactions from businessmen were:

Mr Bill Brown, chairman of the Hong Kong Association of Banks: "It's obviously of political significance and you can't divorce their decision from other factors which are facing the business community in Hong Kong, bearing in mind that the discussions in Peking are still confidential and the (business) community is not aware of the actual progress that has been made."

Leading banker and Executive Councillor, Mr Q.W. Lee: The Jardines' decision will have little impact on business as many firms prospering in Hong Kong have their headquarters outside the territory.

The chairman of the Hong Kong Builders' Association, Mr Ho Sai-chu: No significant impact on Hong Kong, "though it is possible that some companies might follow Jardines' move and take a similar commercial tactic."

The director of the General Chamber of Commerce, Mr Jimmy McGregor: It is "prudent" for the company to reduce its overall risk in the face of uncertainty over the future of Hong Kong by some overseas business concerns.

The Jardines' move was seized upon by advocates for a partial lift in the confidentiality shrouding the Sino-British talks, who claimed it vindicated the lack of confidence by many investors in Hong Kong's long-term future. They said it was time the negotiating parties divulged the broad principles of agreement in the talks, in order to soothe investors worrying about the future legal system of Hong Kong.

The government's reaction was a simple one-sentence statement. "This is a commercial decision." Swire and Hutchison, Whampoa, two other long-established Hong Kong firms, both refused to comment.

Banking chairman and Legislative Councillor Mr Brown, who is the area general manager of Chartered Bank, said of the Jardines move: "I am hopeful that the coming visit of (British Foreign Secretary) Sir Geoffrey Howe will provide an opportunity to the business community and in fact the community as a whole to be better informed as to the state of play regarding the future of Hong Kong." Referring to his speech in the Legislative Council earlier this month on the Lobo Motion, Mr Brown said the business community's confidence could not be maintained indefinitely with little to go on except assurances that useful and constructive talks were in progress.

Expressing his personal opinion on the move, Chamber of Commerce director Mr McGregor said it had not surprised him. He said that Jardines was unique in that it had a substantial exposure in Hong Kong with a higher asset base here than other major trading companies. Other Hong Kong-based trading firms had a large number of overseas subsidiaries through which they did business, and very few major hongs had such a high percentage of assets in Hong Kong. He did not think that Jardines' decision would lead to other similar moves, and he did not expect the announcement to undermine confidence in Hong Kong. Mr McGregor suggested that it was "refreshing" for a chairman of a major hong to be "frank" about the reason behind such a decision.

Mr. Q.W. Lee suggested that a detailed explanation should be given to the general public on the announcement's implications and its consequences in order to avoid an over-reaction. Mr Lee, who is chairman of the Hang Seng Bank, said it would make virtually no difference if Jardines pledged to maintain its business operations in Hong Kong. He pointed out that the Swire Group had its base in London and yet it was one of the biggest hongs in Hong Kong. Many Japanese firms which had invested heavily in Hong Kong also had an outside base. Asked whether his bank was contemplating similar action, Mr Lee replied: "Oh, no."

Another banker, Mr David Lee, a director of the Far East Bank, said he personally had full confidence in the future prosperity and stability of Hong Kong. But he refused to speculate as to why the company had made such a move at this time.

The possibility of the traditional British hongs shifting their bases out of Hong Kong while leaving their money here has been discussed for some months by foreign diplomats stationed in Hong Kong. Diplomatic analysts say this would strengthen the so-called British "economic card," because it would enable the rapid removal of vast sums of money if there were drastic changes in Hong Kong. One effect of such a move would be to make international companies with offices in Hong Kong less vulnerable.

However, some bankers have cast doubt on the "wisdom" of Jardines' move, which they say will set back its relations with China where it still has heavy business involvement. They said the reason given by Jardines for the shift -- that the transfer of ownership to a Bermudian company would enhance its competitiveness in overseas trading by shrugging off the shadow of the 1997 jitters -- did not sound satisfactory.

"As a businessman, I personally feel that it doesn't matter where you are based; if you are trustworthy, people trust you all the same whether you have your headquarters in Hong Kong or in Bermuda," one banker said. "It is the company's own credibility that counts," he added.

But some did admit that the Jardines announcement indicated doubt among investors over the future legal system of Hong Kong. It was understandable that people were more willing to invest in areas where there was a steady and proven legal system over trade transactions and disputes, they said. While the psychological impact of Jardine's move on the public and business sector has yet to be ascertained, banking officials noted that the trading firm's influence had been getting "smaller and smaller" in the past decade.

Builders Association chief Mr Ho Sai-chu, who is also a member of the Chinese People's Political Consultative Conference, said the move of British interests out of Hong Kong could provide investors from other countries with a better chance to grasp a share of the local business market. He noted that Hong Kong had long been the monopolised "heaven" for a few deeply-rooted British hongs. Dr Y.C. Yao, a reader in the Economics Department of the University of Hong Kong, said the move might facilitate Jardines' business. But as it was a major hong, its decision might have an adverse effect on people's confidence in Hong Kong -- whether they be local or overseas investors.

Jardines' Proposal 'Not Wise'

HK290326 Hong Kong WEN WEI PO in Chinese 29 Mar 84 p 4

["Economic Chat" column by Yang Wen-tien: "An Unwise Decision"]

[Text] Jardine Matheson and Company yesterday announced proposals to its shareholders on establishing and registering its holding company in Bermuda. The proposals were made at a time when the Sino-British talks are developing smoothly, the economic situation in Hong Kong is getting better step by step, and China has repeatedly reiterated that the present system in Hong Kong will remain unchanged for 50 years after 1997. It cannot be regarded as a wise action. It seems that this action by Jardine Matheson and Company is not an isolated event, although the statement made by the Hong Kong Government yesterday described it as a purely "commercial" action. Everyone knows what kind of relationship this company has with the Hong Kong British authorities. The fact that it has become a giant British consortium in Hong Kong is inseparable from the advantageous conditions provided by Britain. It can thus be said that such an important decision of Jardine Matheson and Company was not likely to be made suddenly and without consultations.

Although this company said it would continue to invest in Hong Kong, its decision has already cast shadows on the market. If Hong Kong's economy is thus affected, which certainly will be unfavorable to Hong Kong, could it benefit Jardine Matheson and Company, the British consortiums, and the British authorities? China has been working hard to preserve stability and prosperity in Hong Kong. Britain has also declared that it cherishes the same purpose. Being a giant British consortium in Hong Kong, Jardines is duty-bound to promote the prosperity and development of Hong Kong. Therefore, even if its decision is a purely "commercial" action, it is not a wise decision.

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30 March 1984

